

**MINUTES
HARDYSTON TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY
August 1, 2016**

The meeting of the Hardyston Township Municipal Utilities Authority was held on Monday August 1, 2016, 7:00 p.m., at the Municipal Building located at 149 Wheatsworth Road. Members present were Mr. Cicerale, Mr. Kula, Mr. Marples, Mr. Albanese, and Mr. Roof. Absent; Mr. Kaminski, Mr. O'Grady. Also present Ryan Scerbo, Paul Cuva, and Marianne Smith.

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

Minutes: A MOTION was made by Kula, seconded by Marples, to approve the minutes of the July 19, 2016 meeting. In favor, Cicerale, Kula, Marples, Albanese, Roof.

OLD BUSINESS:

Indian Fields:

Phase II As-Built Plans- tabled until September meeting due to the absence of Mike Vreeland.

Phase III Conveyance – Ryan stated Mr. Bolton from Beazer Homes contacted him and conveyed that he is pressing Beazer Homes to complete the necessary items. At this point it is in their hands.

Bonds- tabled until September meeting due to the absence of Mike Vreeland.

Well #2- tabled until September meeting due to the absence of Mike Vreeland.

Crystal Springs:

Tabled until September meeting.

High Ridge Properties:

Marianne stated nothing new at this time

Mountain Ridge (Ridgefield Commons) Emergency Interconnection –

Marianne stated the water allocation permit for this location, of which we received a copy, did not mention the interconnection.

North Church Technical Center:

Ryan stated the last communication with Damian was to clarify that the proposals, when presented, for the system will be decided by the Commissioners/Council, not their clients.

Mr. Cicerale stated he spoke with the Mayor of Franklin and indicated that they are not opposed to having North Church utilize their water system. Further discussion was held.

Water Allocation Permit

Tabled until next meeting.

New Business

Frank stated, as a note, if you are unable to attend a meeting, please notify Gail or Marianne as soon as possible.

PAYMENT OF BILLS:

A MOTION was made by Kula and seconded by Roof to pay the bills, for August 2016 as per the bill list. In favor: Cicerale, Kula, Marples, Albanese, Roof.

CORRESPONDENCE:

A MOTION was made by Kula and seconded by Marples to accept the correspondence as presented, for August 2016. In favor: Cicerale, Kula, Marples, Albanese, Roof.

OFFICER'S REPORTS:

Nothing at this time.

METERING:

In Gail's' absence Marianne presented the metering status;

- **Meter Issue Follow up Letters** -Follow up letters to property owners for Meter Issues to make appointments with Bob of Guerin & Vreeland are ready to be sent (Ryan has draft letter for approval) for Indian Fields and a portion of Crystal Springs. These homes did not respond to our first letter requesting access to the home to resolve various meter issues. 6 of 17 properties- IF; 10 of 21 properties – CS
- **Meter Verification** – 3 more neighborhoods in Crystal Springs were walked to verify any meter issues and to verify meter numbers (Bourne, Briar Crest, and Angel Fire). 16 Accounts had various issues and letters were mailed for the owner to contact Bob at Guerin & Vreeland.

- **Meter Verification Progress – Crystal Springs** – 9 of the 23 neighborhoods have been covered.
- **Readings** - Another reading will be done this week in Indian Field, for a total of 3 readings. During these reading we are determining the best walking route which will be entered into our Billing Software
- **Meter Inventory** – 50 of the radio read meters have been ordered utilizing the costs savings from the electric prior to budget end. An inventory data base has been established and is being utilized.

Marianne stated we did try to accommodate the anticipated expenses within the budget which will be presented by Paul this evening.

2016-17 Budget Presentation:

Paul presented the 2016-17 budget, summarizing increases and decreases in the individual line items. In 2016 we budgeted \$221,274 in unrestricted and undesignated retained earnings. which we used towards the renewal and replacement fund or \$259,368. Some of the operating budget did fund the renewal and replacement fund. As the 2017 proposed budget was analyzed and reviewed, a deficit in the operating without the renewal and replacement was seen. Thus, a small amount for renewal and replacement in the water portion or \$19,540 was proposed.

The budget includes an overall increase in rates of \$50 per annum. When analyzing the water and sewer portions separately, we had too much revenue coming into the water portion, but not enough in the sewer portion. As a result we reduced the water revenue by \$24 per year and increased the sewer portion by \$74 per year, with a combined increase of \$50 per year. The last rate increase was December of 2012, four years ago. This represents a 5% increase in rates, taken over 4 years it equates to a 1.25% increase per year.

Mr. Cicerale inquired on the increases/decreases, of which Paul discussed the individual line items. The recording secretary/billing increased by \$10,000 due to CFO contract negotiations, which will be discussed in executive session. The engineering increased \$15,000 due to the metering project. Legal was reduced \$10,000, insurance increased \$1,000, the electricity decreased \$15,000, and the SCMUA contract is projected with a \$20,000 increase, but we truly do not know if this will be enough due to the guaranteed flow. Materials and repairs went from \$60,000 to \$96,000.

The \$50 rate increase will increase the revenue by \$68,400 for the year. The full four quarters will not be realized this year because of the timing of the increase, but instead will be realized in full next year. The R&R balance will be \$2,673,000 without anticipation of any projects. The unrestricted and undesignated retained earnings will be \$352,000 following the close of this year's budget. It would be advisable not to go below this point. Assuming there are no excessive expenses beyond what is budgeted, we will no longer be utilizing unrestricted retained earnings. With a \$2.6 million dollar R&R the HTMUA has a very healthy fiscal situation. Most authorities do not have a \$2.6 million R&R fund, most have a \$250,000 to \$500,000 fund. An

additional way to fund capital improvements is debt service, of which we have none, and there is no anticipation that we will have any in the near future. Further discussion was held regarding debt funding options and our current healthy fiscal operations. If we did not have an increase in rates now, we would end up with an operating deficit at the end of year.

Discussion was held regarding the contract held with SCMUA and the guaranteed minimum flow as compared to other towns and the impact of the county waste water management plan. Mr. Cicerale suggested for Ryan Scerbo to review the contract.

A MOTION was made by Kula and seconded by Marples WHEREAS, the Annual Budget and Capital Budget for the Hardyston Township Municipal Utilities Authority for the fiscal year beginning, September 1, 2016 and ending, August 31, 2017 has been presented before the governing body of the Hardyston Township Municipal Utilities Authority at its open public meeting of August 1, 2016; and

WHEREAS, the Annual Budget as introduced reflects Total Revenues of \$ 1,400,440, Total Appropriations, including any Accumulated Deficit if any, of \$1,400,440 and Total Unrestricted Net Position utilized of 0; and

WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of \$600,000 and Total Renewal and Replacement Reserve planned to be utilized as funding thereof, of \$600,000; and

WHEREAS, the schedule of rates, fees and other charges in effect will produce sufficient revenues, together with all other anticipated revenues to satisfy all obligations to the holders of bonds of the Authority, to meet operating expenses, capital outlays, debt service requirements, and to provide for such reserves, all as may be required by law, regulation or terms of contracts and agreements; and

WHEREAS, the Capital Budget/Program, pursuant to N.J.A.O. 5:31-2 does not confer any authorization to raise or expend funds; rather it is a document to be used as part of the said Authority's planning and management objectives. Specific authorization to expend funds for the purposes described in this section of the budget, must be granted elsewhere; by bond resolution, by a project financing agreement, by resolution appropriating funds from the Renewal and Replacement Reserve or other means provided by law.

NOW, THEREFORE BE IT RESOLVED, by the governing body of the Hardyston Township Municipal Utilities Authority, at an open public meeting held on August 1, 2016 that the Annual Budget, including all related schedules, and the Capital Budget/Program of the Hardyston Township Municipal Utilities Authority for the fiscal year beginning, September 1, 2016 and ending, August 31, 2017 is hereby approved; and

BE IT FURTHER RESOLVED, that the anticipated revenues as reflected in the Annual Budget are of sufficient amount to meet all proposed expenditures/expenses and all covenants, terms and provisions as stipulated in the said Authority's outstanding debt obligations, capital lease arrangements, service contracts, and other pledged agreements; and

BE IT FURTHER RESOLVED, that the governing body of the Hardyston Township Municipal Utilities Authority will consider the Annual Budget and Capital Budget/Program for adoption on September 12, 2016. In favor Cicerale, Kula, Marples, Albanese, and Roof.

By Pass Meter Maintenance – SCMUA:

Tabled until September meeting

PROFESSIONAL’S REPORTS:

Administrator – nothing further

Operator – not present

Billing Clerk – not present – report read by Marianne.

Tax Sale – 11 properties were presented to the tax collector for the tax sale held in October. To date 9 accounts are outstanding. We are now contacting the mortgage companies.

Disconnects- Notices will be mailed the 2nd week of August for delinquent accounts.

CFO –not present

Accountant – nothing further

Attorney – nothing further

Engineer – not present

OPEN PUBLIC PORTION:

The meeting was opened to the public.

As there were no members of the public present, the meeting was closed to the public.

A MOTION was made by Kula seconded by Roof to convene to executive session to discuss future CFO negotiations with Sparta Township.

A MOTION was made by Albanese seconded by Marples to return to regular session.

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

Respectfully submitted,

Gail Hensal
Recording Secretary