

## THE LINDEN ROSELLE SEWERAGE AUTHORITY

The minutes of the regular meeting held on Wednesday, October 26, 2016 at 12:00 P.M. in the office of the Linden Roselle Sewerage Authority.

---

Chairman Koczur announced that the Public Notice of time and date of the Public Meeting has been duly executed in accordance with the Open Public Meeting Act, P.L., 1975, Ch. 231, notification being mailed 12/31/15 to the Local Source, Star Ledger, Home News Tribune, and to the municipal clerks of Linden and Roselle for posting in a public place.

---

**Present:** Frank Koczur, Chairman; George Vircik, Vice-Chairman; Robert Sadowski, Secretary; Edward Mikolajczyk, Treasurer; Patrick Cerra, Alternate Member

**Attending:** Gary G. Fare, Executive Director; Richard Rudin, Board Attorney; Tom Laustsen, CDM Smith; Karen Musialowicz, LRSA Finance Manager;

**MOTION:** Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously approved the Agenda set forth below.

**MOTION:** Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously approved the minutes of the September 28, 2016 Executive Session.

**MOTION:** Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously approved the minutes of the September 28, 2016 Regular Board Monthly Meeting.

**MOTION:** Upon motion of Mr. Vircik, and seconded by Mr. Sadowski, the Board unanimously accepted Treasury report as read.

Tom Laustsen and Karen Musialowicz left the board room due to Executive Session.

### **EXECUTIVE SESSION**

**MOTION:** Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk, the Board unanimously approved the Resolution to hold an Executive Session to discuss "Personnel Matters" and any other matters as may come before the Members. (At 12:05 P.M., Resolution #10E-16 attached).

**MOTION:** Upon motion of Mr. Vircik, seconded by Mr. Sadowski, the Executive Session was closed 12:31 P.M. and the regular business meeting resumed.

The regular business meeting resumed; Tom Laustsen, CDM Smith along with Karen Musialowicz rejoined the meeting.

No action after the Executive Session.

## **BUSINESS AGENDA**

### **Presentation of the Authority's 2017 Budget**

The Executive Director presented the proposed budget which was submitted in a separate booklet. He stated if the budget is approved tonight, it will then be submitted to the State Division of Local Government Services by the due date of October 31, 2016 for approval. The Authority will make the necessary adjustments or address any items the State may cite. The budget will then be presented to the Board at the December meeting for final adoption. The Executive Director reminded that the budget can be amended or changed at any time during the year.

For the purpose of review, the 2017 budget is summarized in five charts, as follows: O&M Budget - Chart #1; Total Appropriations & Revenue Schedules - Chart #2; History & Rates - Chart #3; Anticipated 2017 Rate Forecast - Chart #4; Renewal & Replacement Capital Projects - Chart #5;

**Chart #1 - O & M Budget** - The 2017 budget reflects an overall increase of 169K or 2%, from the 2016 Budget. The details are as follows:

**A. Employment** - the 2017 Budget includes salary increases estimated at 4% consisting of 2017 step increases, union and non-union increases and anticipated new position. Health Benefits for the year of 2017 are estimated to slightly decrease with the final step of employees' medical contributions. Overall Employment Costs reflect an increase of 2% or \$120K.

**B. Administration** - overall costs are down by 9% due to decreased expected Legal fees.

**C. Insurance** - the estimates for the 2017 insurance expenses have been estimated to decrease 3% based on the insurance market climate and the Authority's experience.

**D. Operations, Maintenance & Monitoring** - all areas have been closely assessed resulting in an overall reduction of 3.5%. The most significant line item of reduction is Hi-Tension Power (\$61K), which is a result of reduced use.

**E. Disposal Costs** - are estimated to increase 12% over the 2016 Budget amount due to the anticipated increase in sludge production and a rate increase.

**F. Environmental Compliance Costs** - the Authority is expecting a 24K or 15% increase in this area for 2017 mainly due to an increase in the NJPDES Permit Fee and more activities required on the Harbor Study.

### **Chart # 2 - Total Appropriations & Revenue Schedules**

The Executive Director stated that the Debt Service appropriation is reduced from 2016 to 2017 by 1% or 17K which was planned and anticipated since the amount is flat until the next borrowing cycle.

The Executive Director said that funds are budgeted to be raised in the 2017 Budget for the Renewal & Replacement Fund in the amount of 100K. Also the 2017 Budget increases the Capacity Fee billing by \$100K over 2016. This is based on current 2016 projection and actual experience in 2015.

The Executive Director stated that at this time the Authority is anticipating that surplus will be required to offset rates for 2017, however based on Chart 4 the amount has to be decided by the Board.

### **Chart #3 - History and Rates**

The attached Chart #3 illustrates two ways the Authority appropriated surplus to the users. Back in 2012 and 2013 the surplus was applied according to the user flow contribution. Then in 2014, 2015 and 2016 the surplus was applied to keep the rate increases even among all users the surplus was appropriated to meet this objective.

The Executive Director is recommending continuing this method to keep the rates stabilized.

**Presentation of the 2017 Authority Budget (continued)**

**Chart # 4 – Anticipated 2017 Rate Forecast**

The Executive Director stated that a rate forecast has been provided with the 2017 Budget for the Board to review. Also at this meeting the Board has to decide the amount of Surplus to be used. Therefore, three options consisting of Columns A, B & C for each year, shows distribution of Surplus and the corresponding rates. These projections assume the loads from Class A and B are the same in March 2017 when rates will be set.

The Executive Director presented in detail three different budget options, and after a short discussion among the Board Members it was decided Option B of Chart 4, which represent 1.1% rate increase for next year 2017 and the rate increase anticipated for the next four years. The strategy is going to be small rate increases annually to enable the Authority to avoid increased Debt Service until 2024.

**Chart # 5 – Renewal and Replacement Capital Projects**

The Executive Director stated that this is a planning tool required by the State of NJ. Each project must be approved by the Board and the Capital Plan is updated semi-annually. The plan is to assure the State as well as our customers that the Authority has a plan in place to maintain its infrastructure. It is required to be submitted to the State with the 2017 Budget along with the required Program explanation.

In conclusion, the Executive Director stated that the Board should be confident in the budget presented. Controllable costs have been maintained by the Staff, and uncontrollable costs have been scrutinized. The Staff continues to be innovative in exploring new streams of Revenue. The Executive Director and Staff are respectfully requesting that the Board approve either Option A, B or C of the proposed 2017 Authority Budget.

**MOTION:** Upon motion of Mr. Vircik, seconded by Mr. Mikolajczyk, the Board unanimously accepted Resolution approving the 2017 Authority's Budget Option B of Chart 4 as submitted and authorization to submit to the Local Finance Board. (Resolution #45-16 enclosed)

<b><u>RECORDED VOTE:</u></b>	Mr. Koczur – Yes	Mr. Mikolajczyk – Yes
	Mr. Vircik – Yes	Mr. Sadowski – Yes
	Mr. Cerra – Yes	

**EXECUTIVE DIRECTOR'S REPORT**

**Construction Project: Main Street Pump Station**

The Executive Director reported that the Authority has submitted the treatment works approval permit application to NJDEP. This permit needs to be issued prior to the Authority going to bid for this project. The Executive Director will keep the Board updated.

**Primary Tank Sludge Collectors**

The Executive Director reported that during the month Spectraserv has completed the work on primary tank #1, the tank was inspected by the manufacturer on October 13<sup>th</sup> and was put in service. The plan is to operate both tanks for a week, before dropping and handling over primary tank #2 to Spectraserv. This project is moving along well and on schedule for completion.

**New Jersey Public Employees Retirement System**

The Executive Director reported that Authority was randomly selected in August 2016 with other public agencies to be audited by the State. The purpose of the audit was to assure that local agencies were complying with the pension requirements and only the eligible employees are enrolled in the pension system. On October 13<sup>th</sup> the State conducted the audit and found the Authority to be in compliance.

**EXECUTIVE DIRECTOR'S REPORT (continued)**

**Laboratory Technician Resignation**

The Executive Director reported that Niyati Vyas has resigned from the Authority in good standing. This position was posted in-house as required in the labor agreement and there were no applications received. Christina Tsirkas, the temporary Monitoring Supervisor submitted an application for the opening. She will be working in the laboratory one day a week acquiring experience in various analysis and will be evaluated by the Laboratory Supervisor. Further, the Executive Director stated that he will have a recommendation on filling this position at the November Board Meeting.

**Union Negotiation**

The Executive Director reported that meeting is scheduled with Union on November 11, 2016.

**HIGHLIGHTING DEPARTMENTS**

**Operations Department**

➤ **Plant Performance**

The Executive Director reported that the plant operated well during the month of September 2016, meeting all permit limits. Also during the month Digester #2 has commenced producing methane gas.

**Maintenance Department**

➤ **Corrective Repairs and Replacement**

The Executive Director reported that maintenance staff worked on various tasks as follows; painted generator exhaust stacks; made repairs to cracks and seams on the roof; coated roof with roofing cement; replaced tracking cylinder on gravity belt thickener #1 and rebuilding the bad cylinder; replaced motorized gas valve on #1 Heat Exchanger; dropped clarifier #3 and washed it out, changed the oil and adjusted a scrapper blade that was touching the floor causing the torque alarm to be activated; repaired motorized gas valve at supply side of heat exchanger. The Executive Director stated that Neuros representatives modified the blowers so switching can occur between A & B feeders. The Executive Director was very pleased with Neuros as they provided excellent service to the Authority, also this issue was done free of charge.

**Monitoring Department**

➤ **Rainfall**

Rainfall for September 2016 was 1.81 inches. Year to date rainfall is 20.48 inches, compared to 21.58 inches for the first nine months of 2015.

➤ **Bayway Stormwater Chamber** - No leaks were detected at the monthly inspection.

➤ **IPP Program**

◆ **Linden Bulk Transportation**

The deadline for complying with new oil and grease limits was October 1, 2016 and the oil and grease for October 3<sup>rd</sup> was 133mg/l, which is in compliance with the 400 mg/l limit.

◆ **Inspections**

Eleven of the fourteen annual majors IPP inspections were completed.

◆ **Emergency Preparedness Plan**

A letter was issued to the thirteen permitted users to notify them of the requirements to implement an Emergency Preparedness Plan. A public notice is scheduled for October 20 for a 30-day comment period. A meeting with the Majors is planned for November 3<sup>rd</sup>. The permit modifications will be approved at the December Board Meeting. Facilities have one year from the permit modification to submit the plan to the Authority.

**Monitoring Department (continued)**

➤ **Laboratory**

◆ **NJDEP Audit**

On September 28<sup>th</sup> Authority responded to the NJDEP Laboratory audit citations. Most of the quality control procedures that were cited in the audit report have been implemented, except for the Operations Analyze Immediately parameters: Chlorine residual, pH, temperature and dissolved oxygen. Operations Supervisors will be trained and the changes will be implemented by November 1, 2016. The annual performance study for pH and chlorine residual will be conducted by Operations personnel in the future instead of Laboratory Technicians.

◆ **Proficiency Study**

The Executive Director reported that a repeat proficiency study for oil and grease was conducted in September with a deadline of October 27, 2016.

➤ **Air Program / Air Permit Compliance**

The Executive Director reported last month that the Authority filed an application on August 26<sup>th</sup> for a modification to the Subchapter 8 Permit. NJDEP requested that LRSA submit Additional information such as the procedures calculation that will be used to calculate monthly emissions to assure compliance with the gas production limit be eliminated and demonstrate that the sludge throughout limit being removed does not impact the emissions. The information was submitted to the State on September 12<sup>th</sup>. A draft permit was issued on October 4<sup>th</sup> and Authority submitted comments on October 17<sup>th</sup>. The Executive Director further stated that there is an issue with the formula for demonstrating ongoing compliance with the air emission limits for the waste gas burners. The Executive Director will keep the Board updated.

**Business Department**

◆ **Expenditure Report**

The Executive Director reported that at the nine month of 2016, expenditures are at a level of 72% at 75% of the fiscal year. The Authority is under budget, but it is too early in the year for any surplus projections.

◆ **Revenue Report**

The Executive Director reported the Authority's loading data for the first eight months of 2016 from class A & B users has significantly increased in the last few months, exceeding budget projections. It is too early for any year end forecast, however it's looking more promising.

No questions of the Executive Director's Report.

**BIDS AND PURCHASES**

**Awarding of a Bid for Electric Energy**

This is just an advisement to the Board, as it was approved at the last Board Meeting. On October 12, 2016 an on-line reverse auction to provide Electric Energy Supply for the Linden Roselle Sewerage Authority Cooperative Pricing System was conducted by EMEX, LLC. The Authority is the Lead Agency for the Cooperative and the City of Linden and the Linden Housing Authority are members. Bids were submitted by seven energy suppliers. Based upon its low bid price submittal of \$.7390 cents per kWh for a 24 month contract term, a contract was awarded to Constellation Energy Inc., the Authority's current supplier, with a start date of June 2017.

October 26, 2016

**BIDS AND PURCHASES (continued)**

**Awarding of a Bid for Electric Energy**

As the Cooperative is currently paying \$.08850 per kWh, this new contract represents a 16.5% decrease in electric energy costs. For the Cooperative as a whole, based on an annual usage of 12,490,104 kWh, the new contract represents a savings of \$182,355 annually or \$364,711 over 2 years. The Authority's savings over the current contract cost is \$119,893 annually or \$239,786 over the 2 year contract term. These cost estimates are based on historical consumption data. Actual savings are dependent upon monthly electricity consumption for each Cooperative member.

**ENGINEERS REPORT**

No question of the Engineer.

**PUBLIC COMMENT**

No one from public was present.

**BILLS AND CLAIMS**

Certification and recommendation received from the Executive Director, Purchasing/Contract Manager, and Financial Manager.

**Operating Fund**

**MOTION:** Upon motion of Mr. Mikolajczyk, seconded by Mr. Sadowski, the Board unanimously approved payment of the Operating Bills in the amount of \$637,181.22 (Resolution attached).

**Renewal and Replacement Fund**

**MOTION:** Upon motion of Mr. Vircik, seconded by Mr. Mikolajczyk the Board unanimously approved payment of the Renewal and Replacement Bills in the amount of \$91,049.00 (Resolution attached).

**ADJOURNMENT**

**MOTION:** Upon motion of Mr. Vircik, seconded by Mr. Sadowski, the meeting was adjourned at 1:16 P.M. and it was ordered that the next monthly meeting of the LRSA be held on Tuesday, **November 22, 2016 at 12:00 P.M.** in the office of the Authority.