

**MINUTES**  
**TOWNSHIP OF HILLSBOROUGH**  
**MUNICIPAL UTILITIES AUTHORITY**

**WEDNESDAY, September 23, 2015**

The Township of Hillsborough Municipal Utilities Authority met at a regular monthly meeting on Wednesday, September 23, 2015, with the following members present:

Michael Avolio  
Michael Merdinger  
Richard Nunn  
Greg Burchette

Also present Executive Director, Scott Lynn. Absent was member Robert McCray and Peter Cipparulo, General Counsel.

**Approval of Minutes**

Mr. Nunn moved that the regular monthly minutes of July 22, 2015 be approved as recorded by the Executive Director. The motion was seconded by Mr. Merdinger, and the roll call vote was: Chairman Avolio – yes, Mr. Merdinger – yes, Mr. Nunn – yes, and Mr. Burchette – yes.

**BUSINESS FROM THE FLOOR**

There was no business from the floor.

**Announcement – Open Public Meetings Act**

Following the roll call, Chairman Avolio made the following announcement: In accordance with the provisions of the Open Public Meetings Act, P.L. 1975, c. 231, as amended, notice of this meeting was duly provided as part of the annual meeting notice on March 5, 2015.

**BUSINESS FROM THE FLOOR**

There was no business from the floor

**PUBLIC HEARING**

Chairman Avolio noted the first order of business is the Public Hearing on the proposed amendments to the rate resolution relating to connection fees.

Mr. Nunn moved the public hearing be opened. The motion was seconded by Mr. Merdinger and the roll call vote was: Chairman Avolio – yes, Mr. Merdinger – yes, Mr. Nunn – yes, and Mr. Burchette - yes.

Mr. Lynn noted the public hearing had been duly advertised in accordance with statutory requirements. The proposed amendment reflects the annual recalculation of the connection fee in accordance with the requirements and formula set forth in N.J.S.A. 40:14B-22. The connection fee for an equivalent dwelling unit will increase from the present fee of \$2,827.00 to \$2,862.00. The proposed revisions and the calculation had been supplied to the members previously.

There being no public present, Mr. Burchette moved to close the public hearing. The motion was seconded by Mr. Nunn, and the roll call vote was: Chairman Avolio – yes, Mr. Merdinger – yes, Mr. Nunn – yes, and Mr. Burchette - yes.

Chairman Avolio then introduced the following resolution and moved that it be adopted:

Chairman Avolio stated that information relative to the annual recalculation of the sewer connection fee had been prepared. The Statute, NJSA 40:14B-22, defines the method of calculating a connection fee and requires that it be recalculated at the end of each year. Based on the calculations, the connection fee for an equivalent dwelling unit (300 gallons per day) will increase from \$2,827 to \$2,862.

The members reviewed the proposed amendment and calculations. Mr. Lynn announced a resolution should be adopted authorizing a public hearing and advertising same. Following discussion, Mr. Merdinger introduced the following resolution and moved that it be adopted:

**TOWNSHIP OF HILLSBOROUGH  
MUNICIPAL UTILITIES AUTHORITY  
PUBLIC NOTICE**

**BY THE TOWNSHIP OF HILLSBOROUGH MUNICIPAL UTILITIES AUTHORITY  
OF A PUBLIC HEARING ON A RESOLUTION ESTABLISHING CERTAIN SEWER  
SERVICE CHARGES AND CONNECTION OR TAPPING FEES**

PUBLIC NOTICE is hereby given by The Township of Hillsborough Municipal Utilities Authority (hereinafter called the “Authority”) that at 8:00 P. M. prevailing time on the 23<sup>rd</sup> day of September, 2015, at a meeting of the Authority at the offices of the Authority at 220 Triangle Road, Suite 234, Hillsborough, New Jersey, the Authority will consider the rates, fees, or other charges to be charged to the users of the sewerage services or facilities of the Authority, and that it will consider or may take action and prescribe such charges in accordance with the Municipal Utilities Authorities Law, and TAKE FURTHER NOTICE that at such time and place aforesaid, a Public Hearing will be held by the Authority with respect to such charges at which time all persons interested may appear and will be heard. The following amended resolution will be considered at the time aforesaid.

RESOLUTION BY THE TOWNSHIP OF HILLSBOROUGH MUNICIPAL UTILITIES  
AUTHORITY ESTABLISHING CERTAIN SEWER SERVICE CHARGES AND  
CONNECTION OR TAPPING FEES

WHEREAS, the Township of Hillsborough Municipal Utilities Authority, (hereinafter the "Authority") is required by law and by Section 303 of its Service Contract with The Township of Hillsborough to promulgate certain uniform charges and connection or tapping fees or charges so that the revenues there from will at all times be adequate to pay the expenses of operation and maintenance of the utility system, including reserves, insurance, extensions and replacements, and to pay the principal of and interest on any bonds required by the terms of any contract or the municipal authority or as it may deem necessary or desirable:

NOW, THEREFORE, BE IT RESOLVED by The Township of Hillsborough Municipal Utilities Authority that it hereby adopt, prescribe and establish the following amendment to the Resolution Establishing Certain Sewer Service Charges and Connection or Tapping Fees, the same to become effective and commencing at 1:00 A.M. on October 1, 2015.

**SECTION IV. is hereby amended as follows:**

SECTION IV. CONNECTION OR TAPPING FEES

In addition to the annual service charges or rates established in Section I hereof, the Authority hereby adopts, prescribes and establishes the following connection or tapping fees as authorized by N.J.S.A. 40:14B-22. The connection or tapping fees are calculated in accordance with the provisions of N.J.S.A. 40:14B-22 and shall be recalculated at the end of each fiscal year.

|   |         |
|---|---------|
| Single family residential dwelling                                    | \$2,862 |
| Multiple family residential dwellings                                 |         |
| Including townhouses, condominiums,<br>and apartments.                |         |
| 1 bedroom unit  | \$1,715 |
| 2 bedroom unit  | \$2,430 |
| 3 bedroom unit  | \$2,862 |
| Senior housing (age restricted):                                      |         |
| 1 bedroom unit  | \$1,048 |
| 2 bedroom unit  | \$1,620 |
| 3 bedroom unit  | \$2,144 |
| Assisted living facilities:   |         |
| Per bed   | \$ 953  |
| All other uses – charge per gallon<br>of estimated average daily flow | \$9.53  |

The estimated average daily flow shall be determined by the Authority on the basis of the

factors specified in N.J.S.A. 40:B-22 and such other data and information made available to the Authority from its consulting engineer and the results of its other investigations and studies. Any such determination shall be filed with the Executive Director of the Authority and shall be available for public inspection. The charge may, if the Authority so shall determine, be in the nature of an estimated charge which shall be subject to revision after the installation or construction is completed. In no event shall the connection or tapping fee be reduced from the original charge.

As used in the above paragraph, the phrase "estimated average daily flow" shall be based on that consecutive period of three months which had the highest total flow within the first calendar year provided that there is no change in use.

**SECTION V. is hereby amended as follows:**

**SECTION V. CHARGES FOR DISCHARGE OF STORM AND/OR DRAIN WATER**

Where the Authority determines that any customer, residential or nonresidential, is discharging a combination of sewerage and storm water or drainage water from any source into the lines of the Authority in excess of the estimated basic standard of 300 gallons per day for an EDU, the Authority shall determine the quantity of such excess and may charge such customer an additional connection or tapping fee at the rate of \$9.53 per gallon of estimated or actual daily flow which is in excess of the aforesaid basic standard. Such charge shall be in addition to the connection or tapping fee charged in Section IV of this Resolution, and will be added to the billing of such customer for the next following quarter after such excess has been determined.

THE TOWNSHIP OF HILLSBOROUGH  
MUNICIPAL UTILITIES AUTHORITY

MICHAEL AVOLIO, CHAIRMAN

**MATTERS FOR CONSIDERATION**

**Twp. of Hillsborough – Groundwater Discharge – Underground Storage Tank Site  
– Status Report**

Mr. Lynn reported there was no breakthrough detected at any of the testing points. Pumping of the wells continues.

**Update – Winding Way Sewer Project**

Mr. Lynn reported the project has been halted. The contractor who started the project has declared bankruptcy and has left the project with the site in turmoil. As a result the

Township of Hillsborough and the bonding company have been working diligently to replace the contractor and finalize the project. As of this date the project had not been awarded to a replacement contractor.

**JIF “Loss Control Report”**

Mr. Lynn reported to the members that the Authorities insurance company, the JIF, had made an inspection of our facilities and issued a report. The report states that most of items that have been in the report for several years have been addressed. Mr. Lynn stated the Maintenance Department have been working hard to address these items and Mr. Lynn praised the Maintenance Department for a job well done. Mr. Lynn also stated to the members the best news of all is that there are no new comments in the report.

**Resolution – Transfer of Funds – Plan Review - August 26, 2015**

Mr. Avolio introduced the following resolution and moved that it be adopted:

BE IT RESOLVED that funds be transferred from the Developer’s Deposit Account to the Plan Review Revenue Account as follows:

| <b><u>DEVELOPMENT</u></b> | <b><u>AMOUNT</u></b> |
|---------------------------|----------------------|
| Vitol Corp                | \$250.00             |
| Richmond Properties       | \$539.60             |
| RPM Development           | <u>\$279.60</u>      |
| <b>TOTAL</b>              | <b>\$1,069.20</b>    |

The resolution and motion were seconded by Mr. Merdinger, and the roll call vote was: Chairman Avolio – yes, Mr. Merdinger – yes, Mr. Nunn – yes, and Mr. Burchette – yes.

**Authorization to Purchase New Copy Machine**

Mr. Lynn stated the need for a new copy machine for use in the main office. He informed the members that the current office copy machine was 9 years old and the manufacturer has indicated they really do not support our machine any longer. In addition, the copy machine at the MUA garage has been out of commission for several months and the machine currently in the office would be transferred to the garage for use.

Mr. Lynn indicated that the State of New Jersey Purchasing Contract has a Ricoh machine that would be a direct replacement for our current machine. Mr. Lynn states the State Contract price would be about \$13,000. Mr. Lynn recommended the purchase of this machine as a replacement.

After further discussion, Mr. Nunn introduced the following resolution and move it be adopted:

WHEREAS, Mr. Lynn has expressed the need to replace the Authority office copy machine and to purchase from the State of New Jersey Contract;

NOW THEREFORE BE IT RESOLVED, that Mr. Lynn be authorized to purchase a new office copy machine.

The motion and resolution were seconded by Burchette, and the roll call vote was: Chairman Avolio – yes, Mr. Merdinger – yes, Mr. Nunn – yes, and Mr. Burchette – yes.

### **Resolution – Adopting Revised 5 Year Capital Plan**

Mr. Lynn stated he has reviewed the 5 Year Capital Plan in preparing the budget and determined that some of the estimates needed to be adjusted. He pointed out those completed projects and those where costs estimates needed adjusting.

The members reviewed the revisions and Mr. Merdinger introduced the following resolution and moved it be adopted:

WHEREAS, the Capital Plan approved by the Authority on September 24, 2014, and as revised and readopted September 23, 2015, a copy of which is attached hereto, will require estimated expenditures of \$2,993,000;

NOW, THEREFORE, BE IT RESOLVED that the Authority continues its policy of maintaining the following reserves to be utilized for said expenditures, thereby eliminating the need to issue additional bonds:

Reserve for Capital Improvements – not to exceed \$4,500,000

Reserve for System Replacement – not to exceed \$1,000,000

The resolution and motion were seconded by Mr. Burchette and the roll call vote was: Chairman Avolio – yes, Mr. Merdinger – yes, Mr. Nunn – yes, and Mr. Burchette – yes.

### **Proposed Operating and Capital Budgets – Fiscal Year Ending Nov. 30, 2016**

Mr. Lynn stated copies of the proposed budget have been distributed to the members for review. It is now in order that the resolution approving said budgets be considered.

The proposed budgets will then be forwarded to the Division of Local Government for review and approval prior to our public hearing to formally adopt the budget on November 24, 2015.

With increasing costs of operation, primarily health benefits, increased maintenance of our facilities, pensions, and higher energy costs we will have to utilize funds from the Reserve for Rate Stabilization to balance our budget (\$391,500). This does not mean we will definitely use these funds but at this point they are needed to balance the proposed budget. Some good news regarding these funds is that with the anticipated overage from

our 2015 budget, which as you know is designated to go to the Rate Stabilization Fund, we will immediately replenish the funds anticipated in the current budget.

The proposed annual budget represents an increase in anticipated revenues of 1.0% from the current year's budget, mainly due to the increase in total revenues. The increase in revenues is offset by a 1.0% increase in total appropriations thus resulting in a balanced budget.

As you know a significant part of our budget is the SRVSA cost to the Authority. The only true method to stabilize our SRVSA costs, is to continue our ongoing I & I program to reduce the I & I from our system.

The Capital Budget reflects a revised 5 Year Capital Improvement Plan which we also need to adopt at our meeting. As you can see I have proposed an aggressive Capital Budget for 2016, but as always all projects must be approved by the members prior to commencing.

WHEREAS, the Annual Budget and Capital Budget for the Township of Hillsborough Municipal Utilities Authority for the fiscal year beginning, 12/1/15 and ending 11/30/16 has been presented before the governing body of the Township of Hillsborough Municipal Utilities Authority at its open public meeting of 9/24/15; and

WHEREAS, the Annual Budget as introduced reflects Total Revenues of \$5,651,353, Total Appropriations, including any Accumulated Deficit if any, of \$6,342,853 and Total Unrestricted Net Assets utilized of \$391,500; and

WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of \$1,423,000 and Total Unrestricted Net Assets planned to be utilized as funding thereof, of \$1,423,000; 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.C. 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 Township of Hillsborough Municipal Utilities Authority, at an open public meeting held on September 23, 2015 that the Annual Budget, including appended Supplemental Schedules, and the Capital Budget/Program of the Township of Hillsborough Municipal Utilities Authority for the fiscal year beginning, 12/01/15 and ending, 11/30/16 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 Township of Hillsborough Municipal Utilities Authority will consider the Annual Budget and Capital Budget/Program for adoption on November 24, 2015.

The motion and resolution were seconded by Mr. Burchette, and the roll call vote was: Chairman Avolio – yes, Mr. Merdinger – yes, and Mr. Burchette – yes, and Mr. Nunn – yes.

**Resolution: Authorization to Generate a Computer Aid Design (CAD) - Map of the "Sewer Facilities Plan"**

Mr. Lynn informed the members that the only overall plan the Authority has of our system is a hand drafted plan on mylar from 1979. Mr. Lynn stated that although the plan has been updated through 2009 we still do not have a plan we can use on the computer system that can be updated regularly. Mr. Lynn recommended that a CAD plan be prepared for our use. Mr. Lynn said we have received several quotes on preparing the plan and we could have the plan prepared for under \$6,000.00. With that said. Mr. Lynn recommended having the plan prepared.

After further discussion, Mr. Merdinger introduced the following resolution and move it be adopted:

WHEREAS, Mr. Lynn has expressed the need to replace the 1979 mylar plan with an updated computer CAD plan of the overall sewer system;

NOW THEREFORE BE IT RESOLVED, that Mr. Lynn be authorized order the computer generated CAD system plan with a not to exceed amount of \$6,000.00.

The motion and resolution were seconded by Burchette, and the roll call vote was: Chairman Avolio – yes, Mr. Nunn – yes, and Mr. Burchette – yes, and Mr. Merdinger – yes.

**Update- Millstone Borough Sewer**

Mr. Lynn informed the members that communications between Millstone Bough and the Authority have commenced once again. Millstone Borough has asked the Authority to start working on an agreement between the Authority and Millstone Borough to accept sewer flow from the Borough of Millstone with the anticipation of one day soon being able to provide sewers in the Borough of Millstone. After future discussions on the history and health reasons for the need of sewers in Millstone, the members suggested that the Borough of Millstone prepare a draft of the agreement for our review.



**SRVSA Report**

Mr. Merdinger reported that the SRVSA had received approval from the NJDEP to proceed with the SSO project proposed within the Borough of Somerville.

**Claims List Approval**

Mr. Nunn, introduced the following resolution and moved that it be adopted:

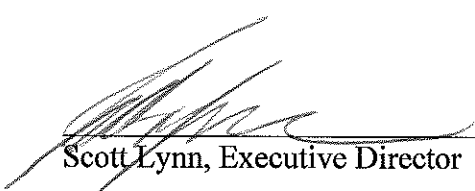
BE IT RESOLVED that the following claims lists for August 26, 2015 and September 23, 2015 be approved and the Treasurer be authorized to issue checks in payment of said claims.

|                            |                    |              |
|----------------------------|--------------------|--------------|
| Operating Fund Claims List | September 23, 2015 | \$152,479.72 |
| General Fund               | September 23, 2015 | \$ 24,838.00 |
| Operating Fund             | August 26, 2015    | \$891,571.10 |
| General Fund               | August 26, 2015    | \$ 1,167.80  |
| Inspection Trust Fund      | August 26, 2015    | \$ 7,375.00  |

The motion and resolution were seconded by Mr. Nunn and the roll call vote was: Chairman Avolio – yes, Mr. Merdinger – yes, Mr. Nunn – yes, and Mr. Burchette – yes.

**Adjournment**

There being no further business to come before the meeting, Mr. Merdinger moved that the meeting be adjourned. The motion was seconded by Mr. Burchette and the roll call vote was unanimous for adjournment.

  
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Scott Lynn, Executive Director