

MINUTES
TOWNSHIP OF HILLSBOROUGH
MUNICIPAL UTILITIES AUTHORITY

WEDNESDAY, September 25, 2019

The Township of Hillsborough Municipal Utilities Authority met at a regular monthly meeting on Wednesday, September 25, 2019, with the following members present:

Michael Avolio
Richard Nunn
Frank Scarantino
Robert McCray
Robert Damiano

Also, present were Scott Lynn, Executive Director and Mr. Peter Cipparulo, General Counsel.

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 12, 2019.

REPRESENTATIVE FROM THE AEA

Guest Peggy Gallos, Executive Director of the Association of Environmental Authorities (AEA) attended the September meeting and provided the members with information and insight on the functions of the AEA. Mrs. Gallos described how the AEA works with State law makers and local organizations to better serve both the water and sewer Authorities in the State of NJ. Mrs. Gallos also described the benefits the AEA can offer to finding employees and helping with the I and I Program recently created.

Approval of Minutes

Chairman Avolio moved that the minutes of the meetings of August 28, 2019 be approved as amended and be recorded by the Executive Director. The motion was seconded by Mr. Scarantino, and the roll call vote was: Chairman Avolio –yes, Mr. Scarantino – yes, Mr. McCray – yes, Mr. Nunn – yes, and Mr. Damiano – yes.

BUSINESS FROM THE FLOOR

No business from the floor.

MATTERS FOR CONSIDERATION

Resolution – Adopting Revised 5 Year Capital Plan

Mr. Lynn stated he has reviewed the 5 Year Capital Plan in preparing the budget and amendments to the 5 – Year where taken in consideration as the Authority is preparing for several large projects and the creation of the Inflow and Infiltration Program. Also, he pointed out the removal of the completed projects and those where costs estimates needed adjusting.

The members reviewed the Capital Plan and Mr. Damiano introduced the following resolution and moved it be adopted:

WHEREAS, the Capital Plan approved by the Authority on September 25, 2019, will require estimated expenditures of \$8,315,000.

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 \$9,500,000

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

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

Proposed Operating and Capital Budgets – Fiscal Year Ending Nov. 30, 2020

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 26, 2019.

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 (\$436,932). 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 2019 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 4.0% 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 2020, but as always, all projects must be approved by the members prior to commencing.

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

WHEREAS, the Annual Budget and Capital Budget for the Township of Hillsborough Municipal Utilities Authority for the fiscal year beginning, 12/1/19 and ending 11/30/20 has been presented before the governing body of the Township of Hillsborough Municipal Utilities Authority at its open public meeting of September 25, 2019; and

WHEREAS, the Annual Budget as introduced reflects Total Revenues of \$6,409,500 Total Appropriations, including any Accumulated Deficit if any, of \$6,846,432 and Total Unrestricted Net Assets utilized of \$436,932; and

WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of \$4,732,000 and Total Unrestricted Net Assets planned to be utilized as funding thereof, of \$4,732,000; 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 25, 2019 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, 12/01/19 and ending 11/30/20, 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 26, 2019.

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

Resolution and Affidavit – Annual Audit Report - Fiscal Year Ending Nov. 30, 2018

Mr. Lynn stated it is now in order for a resolution to be adopted and the members to execute the affidavit confirming that they have reviewed the report.

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

WHEREAS, N.J.S.A. 40A:5A-15 requires the governing body of each local authority to cause an annual audit of its accounts to be made, and

WHEREAS, the annual audit report for the fiscal year ended November 30, 2018 has been completed and filed with The Township of Hillsborough Municipal Utilities Authority pursuant to N.J.S.A. 40A:5A-15, and

WHEREAS, N.J.S.A. 40A:5A-17 requires the governing body of each Authority to, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, and specifically the sections of the audit report entitled “General Comments” and “Recommendations”, and has evidenced same by group affidavit in the form prescribed by the Local Finance Board, and

WHEREAS, the members of the governing body have received the annual audit and have personally reviewed the annual audit, and have specifically reviewed the sections of the annual audit report entitled “General Comments” and “Recommendations” in accordance with N.J.S.A. 40A:5A-17;

NOW, THEREFORE, BE IT RESOLVED, that the governing body of The Township of Hillsborough Municipal Utilities Authority hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended November 30, 2018, and specifically has reviewed the sections of the audit report entitled “General Comments” and “Recommendations”, and has evidenced same by group affidavit in the form prescribed by the Local Finance Board:

BE IT FURTHER RESOLVED that the Secretary of the Authority is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this resolution.

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

I, Scott G. Lynn, Certifying Officer of the Hillsborough Township Municipal Utilities Authority, hereby certify that the above is a true and correct copy of a resolution adopted by the Authority at a meeting duly convened on September 25, 2019.

Annual Revision to Connection Fee – Resolution Establishing Public Hearing

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 decrease from \$2,814 to \$2,771.

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. Nunn 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 23rd day of October, 2019, 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 therefrom 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 November 1, 2019.

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	\$2,771
Multiple family residential dwellings Including townhouses, condominiums, and apartments.	
1 bedroom unit	\$1,663
2 bedroom unit	\$2,354
3 bedroom unit	\$2,771
Senior housing (age restricted):	
1 bedroom unit	\$1,025
2 bedroom unit	\$1,579
3 bedroom unit	\$2,078
Assisted living facilities: Per bed	\$ 924
All other uses – charge per gallon of estimated average daily flow	\$9.24

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 \$9.24 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

Claims List Approval

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

BE IT RESOLVED that the following claims list dated September 25, 2019 be approved and the Treasurer be authorized to issue checks in payment of said claims.

Operating Fund Claims List	- \$177,991.85
General Fund Claims List	- \$116,200.05

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

Adjournment

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

Scott Lynn, Executive Director