

**LACEY MUNICIPAL UTILITIES AUTHORITY
RATE HEARING & REGULAR MEETING
DECEMBER 7, 2011**

Pledge of Allegiance

ROLL CALL

A Rate Hearing and regular Meeting of the Lacey Municipal Utilities Authority was held on Wednesday, December 7, 2011 and was called to order at 7:00 p.m. by James Knoeller, Chairman. Other members present Michael Masciale, Richard Kennedy, Arthur Miklosey, Nick Juliano, Mr. Nosti, and Mr. Lanuto. Also present were Jerry Dasti, attorney; Alan Dittenhofer, engineer; Frank Holman, auditor; Jerry Conaty, auditor; Edward A. Woolf, Executive Director, and Kathleen Barrett, Assistant Director. Mark Dykoff arrived at the meeting as reflected in the minutes.

**“SUNSHINE
LAW”
STATEMENT**

Mr. Knoeller read the following statement.

Notice of this rate hearing and regular meeting was adequately provided pursuant to Public Law 1975, Chapter 231.

Such Notice was posted at both the Lacey Township Municipal Building and at the Office of the Lacey Municipal Utilities Authority, Forked River, New Jersey.

Such Notice was forwarded to the following newspapers:

- a. Asbury Park Press
- b. Atlantic City Press

Such Notice was also forwarded to the Lacey Township Clerk for posting and filing.

**RATE
HEARING**

Jerry Dasti, Esq., Hearing Officer – Mr. Dasti stated this rate hearing is conducted in accordance with the provisions of N.J.S.A. 40:14B-23 and 40:14B-23 et seq. The notification of this rate hearing was published in the Asbury Park Press and Atlantic City Press on November 16, 2011.

Mr. Dykoff arrived during this portion of the meeting.

Edward A. Woolf, Executive Director – Mr. Woolf stated after careful examination of the current rate structure, the Authority’s Finance Committee has determined that a rate increase is necessary to support the 2012 budgeted expenses. He explained the existing rates and fees were examined to ensure the Authority’s revenues are adequate to support expenses including operating and maintaining the water and sewer systems, meeting bond obligations, and preparing for long term repairs and rehabilitation of its infrastructure. Also taken into consideration was the 1.5% increase received by the OCUA for Sewage Disposal charges, which is an added expense of \$48,000.00 for 2012. Additionally, the Authority has relied on Rate Stabilization funds to balance budget deficits over the years, and these funds are now near depletion.

Mr. Woolf outlined the proposed adjustments listed below, as well as attached to the minutes.

Proposed Adjustments to Current Water Service and Consumption Charges - A 4% increase is being proposed for the quarterly service charge, and a 4% increase is being proposed for water consumption charges.

Proposed Adjustments to Current Sewer Service and Consumption Charges – A 4% increase is being proposed for the service charges, and a 4% increase is being proposed for sewer consumption charges.

Proposed Adjustments to Current Water & Sewer Connection Fees – Connection Fee adjustments are as follows:

Initial Svc. Connection Charge Water Service Size (inches) as it enters building.	Current	2012 Proposed Rates
3/4"	\$5,300.00	\$6,470.00
1"	\$6,650.00	\$8,100.00
1 1/2"	\$8,600.00	\$10,450.00
2"	\$11,200.00	\$13,650.00
3"	\$16,900.00	\$20,600.00
4"	\$21,700.00	\$26,450.00
6"	\$32,300.00	\$39,400.00
8"	\$44,600.00	\$54,400.00

	Current	2012 Proposed Rate
Sewer – 1 Equivalent Service Unit	\$1,750.00	\$1,550.00

Cost Recovery Fee for Water Meter Tampering – Mr. Woolf stated there has been a concern with customers tampering with their water meters. Therefore, it was determined that a \$500.00 fee per violation be proposed.

Mr. Holman explained how the connection fee formula was calculated. He stated State Statute sets forth a formula that captures the equity of the water and sewer system of an Authority. The amounts that are proposed are the maximum amounts the Statute provides. Mr. Knoeller added the Authority is regulated by the State based on total debt service and capital expenditures.

Mr. Woolf pointed out the Authority’s annual budget decreased by \$212,779.00, which is a 1.7% reduction. However, the increase is necessary to balance the budget. Mr. Knoeller added that the money paid to OCUA for them to process the discharge of waste is a large part of the Authority’s sewer budget.

**COMMISSIONERS
 COMMENTS**

Mr. Masciale asked if other municipalities are using the State Statute guidelines to formulate their rates. Mr. Dasti stated all municipalities must follow a Statute; however, their numbers may be higher/lower due to its users. Mr. Holman pointed out the Authority has a large debt service per year in the water department, that is why the water connection fee is higher then the sewer side.

Mr. Miklosey stated he is concerned with the increase on the ¾" water connection fee, particularly litigation issues. Mr. Nosti pointed out this increase would not be affecting many people considering there are not many available lots left to build on.

**PUBLIC
TESTIMONY**

Regina Discenza - Mrs. Discenza asked if it was possible for the Authority to pass a Resolution protesting the OCUA rates. Mr. Knoeller stated the Authority is in discussions with the OCUA regarding a discrepancy on their sewer discharge rates. However, the issue of their rates have not been address. A Resolution would be worth discussing further with the Board.

Bill Moss – Mr. Moss asked how much money is left in the rate stabilization fund. Mr. Woolf stated the water department is nearly depleted - less then \$300,000. The sewer rate stabilization fund has 1.5 million. Mr. Moss asked if the Authority can apply the funds from the sewer department towards keeping the rates down. Mr. Woolf stated it is being done, however, it is not enough.

Mr. Moss asked if the Authority is planning on selling water to other townships. Mr. Knoeller stated the projection is to sell water in the future once treatment facility is built. Mr. Moss asked if the rates would continue to increase if the Authority sells water. Mr. Knoeller stated the goal is to use those proceeds towards the rate stabilization fund to keep rates stabilized. Mr. Moss asked if the Board could make a motion to follow that goal in the event that three years from now the Authority seeks to use the money elsewhere. Mr. Knoeller stated the Board cannot bind future Board members in doing this. The primary reason in building these wells is to provide qualified water to not worry about contamination. Secondly, have a product to sell in the future.

In regards to the alternate water supply portion for the proposed 2012 budget, he asked why is there zero dollars entered when in 2011 there was \$202,000.00. Mr. Woolf stated funds are not available. Alternate Water Supply is a capital improvement and those funds were used to engineer and design the water treatment plant. The Authority is presently looking at ways to borrow money.

Mr. Moss asked if the Authority has hired anyone in the past year. Mr. Knoeller stated a utility and office staff worker were hired as replacements. He pointed out hiring these replacements are paying 20% towards their benefits.

Mr. Moss asked if the LMUA is paying any benefits for the OCUA. Mr. Knoeller stated the Authority does not pay benefits to the OCUA.

**FORMAL
ACTION**

Resolution 2011-75 – Establishing Sanitary Sewer and Water Rates Effective January 1, 2012 – A motion was made by Mr. Kennedy and seconded by Mr. Juliano to adopt *Resolution 2011-75, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Establishing Sanitary Sewer & Water Rates, Effective January 1, 2012*. Roll call vote: Kennedy-Yes; Juliano-Yes; Miklosey-Yes, but abstains on the water connection fee increase; Masciale-Yes; Knoeller-Yes. Motion passed.

The Rate Hearing was concluded.

**APPROVAL
OF MINUTES**

Regular Meeting of November 2, 2011 - A motion was made by Mr. Miklosey and seconded by Mr. Masciale to approve the minutes of the Regular Meeting of November 2, 2011. Roll call vote: Miklosey-Yes; Masciale-Yes; Juliano-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

Closed Session Meeting of November 2, 2011 - A motion was made by Mr. Kennedy and seconded by Mr. Miklosey to approve the closed session minutes during the Regular Meeting of November 2, 2011. Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

**EXECUTIVE
DIRECTOR'S
REPORT**

Cash Balance Report - Period Ending October 31, 2011 - Mr. Woolf summarized the cash balances for period ending October 31, 2011 as follows: Total cash balance for the unrestricted accounts were \$2,558,909.55, with earnings of \$1,442.16. Total cash balance for the restricted accounts held by the trustee were \$7,316,176.22, with earnings of \$4,743.80. Current period interest on the restricted and unrestricted accounts was \$6,185.96. Year-to-date earnings on all interest bearing accounts were \$95,243.24

Resolution 2011-74 – Amend 2012 Approved Budget – Mr. Conaty explained the State asked that the net asset balance presentation of the budget that was approved in October be changed. Subtotals were only changed – not the budget total. On recommendation by the executive director, a motion was made by Mr. Masciale and seconded by Mr. Miklosey to adopt *Resolution 2011-74, Amend the 2012 Approved Budget, Lacey Municipal Utilities Authority*. Roll call vote: Masciale-Yes; Miklosey-Yes; Juliano-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

Resolution 2011-73 – Adopt 2012 Sewer Budget – On recommendation by the executive director, a motion was made by Mr. Kennedy and seconded by Mr. Masciale to adopt *Resolution 2011-73, 2012 Adopted Sewer Budget Resolution, Lacey Municipal Utilities Authority*. Roll call vote: Kennedy-Yes; Masciale-Yes; Juliano-Yes; Miklosey-Yes; Knoeller-Yes. Motion passed.

Resolution 2011-75 – Adopt 2012 Water Budget – On recommendation by the executive director, a motion was made by Mr. Masciale and seconded by Mr. Miklosey to adopt *Resolution 2011-75, 2012 Adopted Water Budget Resolution, Lacey Municipal Utilities Authority*. Roll call vote: Masciale-Yes; Miklosey-Yes; Juliano-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

**BUSINESS
REPORT**

November Meter Reads – Ms. Barrett reported 3,798 meters were read in November for Cycles 3 and 9. Sixty-one work orders were cut to obtain manual reads not obtained during regular meter read routes.

December Billing – Ms. Barrett reported utility bills were mailed on December 7th in the amount of \$744,361.50. Penalties were assessed on 3,324 past due accounts (all cycles) in the amount of \$27,221.35 for a total billing in December of \$771,582.85.

Customer Service – Ms. Barrett reported twenty-three new customer welcome letters were mailed in October, and four responses were received in November. Thirty final reads with equipment inspections were performed in November with no violations.

MUAA Dinner/Meeting – Ms. Barrett stated the MUAA dinner/meeting would be held on Thursday, December 8th.

ENGINEER'S REPORT

Resolution No. 2011-76 – Final Sewer Approval – Hoyt Street & Patterson Avenue Road Improvements – Al Amato - Mr. Dittenhofer reported his office received the application and plans for final sewer approval for Hoyt Street and Patterson Avenue Road Improvements, Block 1589, Various Lots. The applicant is proposing to construct a sewer main extension with services for ten (10) units along Hoyt Street and Patterson Avenue. The applicant proposes to connect to an existing stub along Bayonne Avenue and install 8" PVC sewer main to the intersection of Bayonne Avenue and Hoyt Street. The applicant then proposes to extend the sewer main west along Hoyt Street for approximately 558 feet to the intersection of Hoyt Street and Patterson Avenue. On recommendation by the Authority's engineer, a motion was made by Mr. Kennedy and seconded by Mr. Juliano to adopt *Resolution No. 2011-76, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Final Sewer Approval, Hoyt Street and Patterson Avenue Road Improvements, Al Amato, Block 1589, Various Lots*. Roll call vote: Kennedy-Yes; Juliano-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Resolution No. 2011-79 – Water Performance Guarantee Release – Closeout Developer Escrow Account – Kearny Federal Savings Bank – On recommendation by the Authority's engineer, a motion was made by Mr. Masciale and seconded by Mr. Miklosey to adopt *Resolution 2011-79, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Water Performance Guarantee Release, Closeout Developer Escrow Account, Kearny Federal Savings Bank, Block 739, Lots 2.01 & 2.03*. Roll call vote: Masciale-Yes; Miklosey-Yes; Juliano-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

Water Treatment Plant No. 1 Upgrades – Mr. Dittenhofer stated his office received the water allocation permit. It will become effective for wells 7 & 8 for January 1, 2012.

Cleaning & Televising Contract No. 6 & Flow Assessment – Mr. Dittenhofer stated one lateral is still pending. Further investigation is needed.

ATTORNEY'S REPORT

Toll Brothers – Sea Breeze – Mr. Dasti stated his office communicated with the attorney for the Developer concerning the issue of connection fees, user rates, etc. They understand the Authority's position and anticipate this issue being resolved.

AUDITOR'S REPORT

Accountant's Status Report – Month Ended October 31, 2011 – Mr. Holman reported overall sewer and water are operating at a favorable variance. Sewer is performing better than water, due to revenues. To date, the Authority can anticipate a credit of \$516,860.00 from the OCUA. However, the OCUA is disputing this figure.

CORRESPONDENCE

Kelly Bowles, Maple Lane – Requesting relief of utility bill, due to a broken pipe. Since the water that leaked did not go into the sewer system, a motion was made by Mr. Kennedy and seconded by Mr. Miklosey to grant a credit adjustment on the sanitary sewer charges in the amount of \$348.85 (68,000 gallons). Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Peter Linskey, Laurel Blvd. – Requesting relief of utility bill, due to a broken hose at dock. Since the water that leaked did not go into the sewer system, a motion was made by Mr. Kennedy and seconded by Mr. Miklosey to grant a credit adjustment on the sanitary sewer charges in the amount of \$286.96 (49,000 gallons). Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Mr. & Mrs. Suppa – Requesting relief of utility bill, due to watering lawn without irrigation meter. A motion was made by Mr. Kennedy and seconded by Mr. Miklosey to grant a one-time adjustment on the sewer charges in the amount of \$352.21 (71,000 gallons). Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Mr. & Mrs. Webb, Laurel Blvd. – Requesting relief of utility bill, due to unexplained high water usage. Customer will be advised of option to have their water meter tested.

Mr. & Mrs. Pavlis, Capstan Drive – Requesting relief of utility bill, due to outside/toilet leak. After consideration of the request, a motion was made by Mr. Kennedy and seconded by Mr. Miklosey to authorize a payment plan to pay balance of November 2011 bill. Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Mr. & Mrs. Stevens, Murray Grove Lane – Requesting removal of late charge. After consideration of this request, a motion was made by Mr. Kennedy and seconded by Mr. Miklosey to waive the late charges in the amount of \$3.04. Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Mary Sanders, Plover Court – Requesting relief of utility bill, due to broken pipe. Since the customer's usage is normal, no action was required.

Mr. & Mrs. Reed, Aborridge Drive – Requesting relief of utility bill, due to meter used to measure water used by sprinkler system had not been recording water usage. Based on the information provided, a motion was made by Mr. Kennedy and seconded by Mr. Miklosey to grant readjust estimated water usage for 15,000 gallons from April 1 to July and 15,000 gallons from July 1 to October 3. The Board will review next summer's irrigation consumption and re-evaluate the need for either credit or debit of this year's estimated usage. Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Mr. & Mrs. Marcus, Orchard Street - Requesting removal of late fees. Based on another review of the transaction history of account dating back to 2002, a waiver of the penalty charges assessed could not be supported.

**OLD
BUSINESS**

There was no old business to discuss.

**NEW
BUSINESS**

Mr. Knoeller asked Mr. Dasti to review correspondence regarding Biele Jewelers in reference to the Perkins issue.

Receipt of Proposals for Professional Services – Mr. Woolf requested authorization to advertise and receive proposals for 2012 Professional Services. A motion was made by Mr. Kennedy and seconded by Mr. Miklosey authorizing advertisement to receive proposals for 2012 professional services. Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

**PUBLIC BUSINESS/
COMMENT**

Bill Moss - Mr. Moss asked if the Authority ever applies for grants. Mr. Knoeller stated the Authority uses the services of its accountant and engineer to apply for various grants. Application for financing of various projects through the State have been submitted; however, funding was never received.

Regina Discenza – Mrs. Discenza asked when are the OCUA meetings held. Mr. Dittenhofer stated they are held two times a month at 4:00. Their website can provide additional information.

Regina Discenza – Mrs. Discenza asked what is the iron content in the water for new wells 7 & 8. Mr. Dittenhofer stated .4 parts per million, which will be filtered out.

Bill Moss – Mr. Moss stated he attended the bid opening for water treatment chemicals. He asked what are those chemicals for. Mr. Knoeller stated it is for the filtration process in the treatment plant. It is used in our filtration process. Mr. Moss asked if the Authority anticipates not having problems with wells 7 & 8, why purchase so much chemicals. Mr. Woolf explained wells 7 & 8 will not be in service in 2012; therefore, it is needed for the existing treatment facilities. He stated if the wells go in service bids will be adjusted based on what our needs are.

Regina Discenza – Mrs. Discenza asked since the permits are due in February is it anticipated wells 7 & 8 would be running by 2013. Mr. Knoeller stated as soon as it is running it will go on-line immediately and the other wells would be used as backups.

**PAYMENT OF
VOUCHERS**

WHEREAS, the members of the Lacey Municipal Utilities Authority carefully examined all vouchers presented for payment of claims;

NOW, THEREFORE, BE IT RESOLVED by the Lacey Municipal Utilities Authority that:

1. Said vouchers in the sum of \$1,071,699.88 be same are hereby approved to be paid.

2. Said vouchers are listed on the attached computer check register.

A motion was made by Mr. Miklosey and seconded by Mr. Masciale to adopt the above resolution. Roll call vote: Miklosey-Yes; Masciale-Yes; Juliano-Yes, but abstains on South Jersey Auto Supply; Kennedy-Yes; Knoeller-Yes. Motion passed.

**CLOSED
SESSION**

RESOLUTION

WHEREAS, Section 8 of the Open Public Meetings Act, Chapter 231, Public Law 1975 permits the exclusion of the public from a meeting in certain circumstances;

WHEREAS, this public body is of the opinion that such circumstances presently exist.

NOW, THEREFORE, BE IT RESOLVED by the Lacey Municipal Utilities Authority, County of Ocean and State of New Jersey as follows:

1. The public shall be excluded from discussion of action upon the hereinafter specified subject matter.

2. The general nature of this closed session concerns contract negotiations.

3. It is anticipated at this time that the above-stated matters will be made public once these matters have been resolved.

4. This resolution shall take effect immediately.

A motion was made by Mr. Miklosey and seconded by Mr. Kennedy to adopt the above resolution. Roll call vote: Unanimously approved.

Separate minutes were kept on the above closed session.

**RE-OPEN
MEETING**

A motion was made by Mr. Miklosey and seconded by Mr. Kennedy to reopen the meeting. Roll call vote: Unanimously approved.

**OTHER
BUSINESS**

A motion was made by Mr. Masciale and seconded by Mr. Miklosey authorizing the Authority's attorney and accountant to proceed with financial arrangements/contract with Ocean First Bank with an open sliding scale of \$1.5 million to \$2.5 million dollars. This motion also includes making application with the Local Finance Board. Roll call vote: Masciale-Yes; Miklosey-Yes; Juliano-Yes; Kennedy-Yes; Knoeller-Yes; Motion passed.

A motion was made by Mr. Masciale and seconded by Mr. Kennedy authorizing the Authority's engineer to prepare bid specifications for bids to be prepared and opened in

February. Motion made by Mr. Masciale and seconded by Mr. Kennedy. Roll call vote: Masciale-Yes; Kennedy-Yes; Juliano-Yes; Miklosey-Yes; Knoeller-Yes. Motion passed.

ADJOURNMENT There being no further business to discuss, the meeting was adjourned at 8:00 p.m.

Respectfully submitted,

Michele Kennedy
Secretary