

**LACEY MUNICIPAL UTILITIES AUTHORITY
RATE HEARING & REGULAR MEETING
JANUARY 6, 2016**

Pledge of Allegiance

ROLL CALL

A Rate Hearing and Regular Meeting of the Lacey Municipal Utilities Authority was held on Wednesday, January 6, 2016 and was called to order at 7:00 p.m. by James Knoeller, Chairman. Other members present Michael Masciale, Richard Kennedy, Arthur Miklosey, Jack Nosti, and Paul DeNicola. Also present were Chris Dasti, attorney; Alan Dittenhofer, engineer; Brian Waldron, auditor; Deborah Busch, Office Manager and Edward A. Woolf, Executive Director. Nick Juliano, Lacey MUA/Township Committee Liaison, also attended the meeting.

**“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**

Christopher Dasti, Esq., Hearing Officer – Mr. Dasti stated this rate hearing is conducted in accordance with the provisions of N.J.S.A. 40:14B-1, in particular subsections 22 and 23. The notification of this rate hearing was published in the Asbury Park Press and Atlantic City Press on December 12, 2015.

Brian Waldron, Auditor – A fee schedule for the maximum allowable charges of connection fees was submitted.

Edward A. Woolf, Executive Director – Mr. Woolf stated the Authority has an obligation to its ratepayers to periodically examine the rates, fees and charges. The Authority’s accountant has provided a calculation for the maximum allowable water and sewer connection fees, also known as initial service charge. The calculations based on a number of Authority customers, the amount of debt service paid through December 31, 2014 and the capital expenditures to date. The Commissioners at the regular meeting of December 2, 2015, voted in favor of holding a rate hearing to examine the accountant’s calculations.

Mr. Woolf outlined the proposed adjustments listed below.

Proposed Adjustments to Current Water & Sewer Connection Fees

Initial Service Connection Charge Water – Sewer Size (inches) As it enters the building	Current Rate	2016 Proposed Rates
3/4"	\$6,470.00	\$8,000.00
1"	\$8,100.00	\$10,000.00
1 1/2"	\$10,450.00	\$12,900.00
2"	\$13,650.00	\$16,900.00
3"	\$20,600.00	\$25,400.00
4"	\$26,450.00	\$32,700.00
6"	\$39,400.00	\$48,700.00
8"	\$54,400.00	\$67,300.00

	Current	2016 Proposed Rate
Sewer – 1 Equivalent Dwelling Unit (EDU)	\$1,550.00	\$2,000.00

**COMMISSIONERS
 COMMENTS**

Mr. Miklosey stated at the last meeting he was in agreement to an increase. However, he was not aware it would be a 23% increase. Therefore, he will be voting no on the increase.

Mr. Masciale asked who would be affected by the increase. Mr. Woolf stated the increase is for newly connected properties. It will have no effect on existing accounts. Mr. Masciale asked what percentage of non-commercial connections utilize 3/4" services. Mr. Woolf stated a majority of homes are 3/4" to 1" services. He noted the last time the connection fees were increased was in 2011.

Mr. Knoeller explained the increases are necessary to offset what it costs to maintain the infrastructure of the sewer and water system. Mr. Masciale stated there has not been a sewer or water rate increase in last five years and he would want to prevent such increase as long as possible. Mr. Woolf added if the connection fees are not increased, ultimately, the user fees will have to be raised to offset the expenses.

**PUBLIC
 TESTIMONY**

Regina Discenza, Sunset Drive - Mrs. Discenza stated the proposed connection fee increases are substantial and will likely be a hardship for customers.

**FORMAL
 ACTION**

Resolution 2016-04 – Establishing Sewer and Water Connection Fees Effective January 6, 2016 – A motion was made by Mr. Nosti and seconded by Mr. Kennedy to adopt *Resolution 2016-04, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Establishing Sewer and Water Connection Fees Effective January 6, 2016*. Roll call vote: Nosti-Yes; Kennedy-Yes; Miklosey-No; Masciale-Yes; Knoeller-Yes. Motion passed.

The Rate Hearing was concluded.

**APPROVAL
OF MINUTES**

Regular Meeting of December 2, 2015 - A motion was made by Mr. Nosti and seconded by Mr. Masciale to approve the minutes of the Regular Meeting of December 2, 2015. Roll call vote: Nosti-Yes; Masciale-Yes; Miklosey-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

Closed Session Meeting of December 2, 2015 - A motion was made by Mr. Masciale and seconded by Mr. Kennedy to approve the closed session minutes during the Regular Meeting of December 2, 2015. Roll call vote: Masciale-Yes; Kennedy-Yes; Nosti-Yes; Miklosey-Yes; Knoeller-Yes. Motion passed.

**EXECUTIVE
DIRECTOR'S
REPORT**

Cash Balance Report - Period Ending November 30, 2015 - Mr. Woolf summarized the cash balances for period ending November 30, 2015 as follows: Total cash balance for the unrestricted accounts were \$8,079,942.85, with earnings of \$701.06. Total cash balance for the restricted accounts held by the trustee were \$7,296,131.23, with earnings of \$2,113.98. Current period interest on the restricted and unrestricted accounts was \$2,815.04. Year-to-date earnings on all interest bearing accounts were \$46,684.32.

Resolution 2016-01 – Reject Water Treatment Chemical Supply Bids – 2016 – Mr. Woolf explained the Authority received bids in December for water treatment chemical supplies. Upon reviewing the bids, it was determined the lowest bidder was supplying chemicals manufactured outside of the United States, specifically the Middle East. After speaking with the attorney, it was decided that the chemicals be produced inside the United States. On recommendation by the executive director, a motion was made by Mr. Miklosey and seconded by Mr. Masciale to adopt *Resolution 2016-01, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Rejecting all Bids for the Water Treatment Chemical Supply 2016*. Roll call vote: Miklosey-Yes; Masciale-Yes; Nosti-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

Water Treatment Chemicals Bids 2016 – Mr. Woolf requested authorization to rebid for water treatment chemical supplies for 2016. A motion was made by Mr. Miklosey and seconded by Mr. Nosti authorizing advertisement to rebid for water treatment chemical supplies 2016. Roll call vote: Miklosey-Yes; Nosti-Yes; Kennedy-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Resolution 2016-07 – Letter of No Interest – Wawa Food Store/Gasoline Station, Block 224, Lot 7.01; Block 1837, Lot 1; Block 744.01, Lot 26.03 – On recommendation by the executive director, a motion was made by Mr. Masciale and seconded by Mr. Miklosey to adopt *Resolution 2016-07, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Letter of No Interest – Minor Site Plan, Wawa Food Store/Gasoline Station, Block 224, Lot 7.01; Block 1837, Lot 1, Block 744.01, Lot 26.03*. Roll call vote: Masciale-Yes; Miklosey-Yes; Nosti-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

**BUSINESS
REPORT**

The business report was submitted for review.

**ENGINEER'S
REPORT**

Resolution No. 2016-05 – Preliminary Sewer and Water Approval – Grosjean Minor Subdivision - Mr. Dittenhofer reported his office received the application and plans for preliminary sewer and water approval for Christine Grosjean Minor Subdivision, Block 479, Lots 32-34. The applicant is proposing to construct a two (2) lot minor subdivision on the north side of Varuna Drive, west of Capstan Drive. The applicant proposes to service one lot with the existing water and sewer services that connect to the mains in Varuna Drive and install a new ¾" water service and 4" sanitary lateral for the second lot. On recommendation by the Authority's engineer, a motion was made by Mr. Kennedy and seconded by Mr. Miklosey to adopt *Resolution 2016-05, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Preliminary Sewer and Water Approval, Grosjean Minor Subdivision, Block 479, Lots 32-34*. Roll call vote: Kennedy-Yes; Miklosey-Yes; Nosti-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Resolution No. 2016-06 – Final Sewer and Water Approval – 530 & 536 Lacey Road, LLC. – Mr. Dittenhofer explained this project is located in the wellhead protection area. The applicant has indicated that while the total number of parking spaces is greater than 50 parking spaces, only 37 new stalls are being created by this application. Therefore, the applicant is requesting a less stringent Type II testing protocol for the wellhead protection area.

Mr. Knoeller stated there are rules and regulations requiring that 50 parking spaces or more would require additional monitoring. Based on these regulations, the Board did not waive applicants request for a less stringent Type II testing. The Resolution approving final approvals will require the applicant to comply with Testing Protocol Type II as per the Wellhead protection area monitoring and well testing requirements as outlined in the Preliminary and Tentative sewer and water application review letter.

On recommendation by the Authority's engineer, a motion was made by Mr. Nosti and seconded by Mr. Miklosey to adopt *Resolution 2016-06, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Final Sewer and Water Approval, 530 Lacey Road & 536 Lacey Road, LLC Site Plan, Block 1621, Lots 1 & 7.01*. Resolution will be revised striking the request for reduced monitoring and requiring applicant to comply with testing protocol Type II. Roll call vote: Nosti-Yes; Miklosey-Yes; Kennedy-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Skid Mount Generators – Mr. Dittenhofer stated electrical work is ongoing. Generators are expected to be delivered in early spring.

Water Treatment Plant No. 1 – Mr. Dittenhofer stated valve maintenance work is to be completed.

Bee St. Water and Sewer Extension - Mr. Dittenhofer stated base maps and preliminary designs are being prepared for this project. A sewer extension permit is

required, which he is currently working on. Construction cost of this project would be approximately \$79,440.00, picking up six additional users. Mr. Knoeller asked Mr. Dittenhofer to breakdown what the cost in materials would be.

Center St. Water and Sewer Extension - Mr. Dittenhofer stated Center Street road is unimproved and now would be an ideal time to install the water and sewer lines. The construction cost estimate would be \$93,580.00, picking up an additional eight users. Mr. Dittenhofer stated he would prepare the base map and submit it along with the sewer extension permit. He recommends rolling both Center Street and Bee Street into one sewer extension permit.

RV&V Mileage – Mr. Miklosey questioned the mileage expenses reported on RV&V invoices. He asked for an explanation on the 12+ miles reported in expenses, specifically the whereabouts of the individual reporting the mileage. Mr. Dittenhofer explained the mileage is reported as an expense of traveling to and from his office to the job site, which is paid through escrow.

Mr. Knoeller pointed out RV&V's contract with the Authority includes professional fees, plus expenses. Mr. Knoeller stressed the expenses for the mileage should not be in question. Part of the job of RV&V's inspector is to travel to job sites.

Bayonne Avenue Paving – Mr. Dittenhofer stated he did a cost estimate for the Bayonne Avenue paving project. If it went to public bid and the Authority does the work the cost would be \$55,330.00 for 250-300 feet. Mr. Knoeller asked how many unimproved lots are there. Mr. Woolf stated not many. The reason he is asking for this to be done is the water treatment plant has just been upgraded and the road has been unpaved since 1988. Mr. Dittenhofer stated he will prepare a formal letter with the project limits and costs for the Board to consider.

Mr. Knoeller stated if the Authority will be doing the improvements to the unimproved lots, and if the lot owners want to develop those lots, they would have to reimburse the Authority in improvement costs. He asked Mr. Dasti to look into the legality behind this requirement.

Mr. Dittenhofer excused himself from the meeting.

ATTORNEY'S REPORT

Water Meter Installation – Mr. Dasti stated his office reviewed correspondence from RV&V to the contractor regarding homeowner damage claims. They will keep in touch with RV&V concerning these issues and be certain that the homeowners are properly reimbursed.

Electrical Upgrades – Mr. Dasti stated his office reviewed the Notice to Proceed and the contract documents for this project.

Rate Hearing 2016 – Mr. Dasti stated his office contacted the stenographer and are ready to conduct the hearing as the hearing officer.

Water Treatment Chemical Supplies – Mr. Dasti stated his office reviewed correspondence from the Authority regarding rejecting of bids and rebid for this contract.

Aluminum Sulfate Litigation - Mr. Dasti stated a letter has been forwarded to Mr. Woolf concerning this matter if the Authority uses this chemical. Mr. Woolf responded the Authority does not utilize that product.

AUDITOR'S REPORT

Accountant's Status Report – Month Ended November 30, 2015 – Mr. Waldron reported user charges resulted in an unfavorable variance for the month on sewer, but a favorable variance for the month on water. Delinquency charges had a favorable variance for both water and sewer, due to collection of late fees and penalties assessed due to the failure of customer to make timely payments. Interest income had a favorable variance for the month on both water and sewer. The Authority can anticipate a credit from the OCUA in the amount of \$88,486 through the month of November.

Mr. Waldron stated preliminary work for the 2015 audit has begun. His office anticipates coming back the first week of March to begin the audit.

CORRESPONDENCE

Ronald Karchik, Dee Rd. – Requesting relief of utility bill, due to pipe leak. Since the water that leaked did not go into the sewer system, a motion was made by Mr. Kennedy and seconded by Mr. Nosti to grant a credit adjustment on the sanitary sewer charges in the amount of \$793.62 (120,000 gallons). Roll call vote: Kennedy-Yes; Nosti-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Albert Pedicini, Carr St. – Requesting relief of utility bill, due to 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. Nosti to grant a credit adjustment on the sanitary sewer charges in the amount of \$168.20 (33,000 gallons). Roll call vote: Kennedy-Yes; Nosti-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Harry Warner, Vaugh Ave. – Requesting relief of utility bill, due to toilet leak. Based upon the available information, a waiver of the service charges could not be supported.

Kevin Schall, Lee Way – Requesting relief of utility bill, due to irrigation leak. Based upon the available information, a waiver of the service charges could not be supported.

Mr. & Mrs. Hennig, Hazelton Ave. – Requesting relief of utility bill, due to toilet leak. Based upon the available information, a waiver of the service charges could not be supported.

Shirley Crane, Elwood St. – Requesting relief of utility bill, due to pipe leak. Since the water that leaked did not go into the sewer system, a motion was made by Mr. Kennedy and seconded by Mr. Masciale to grant a credit adjustment on the sanitary sewer charges in the amount of \$555.68 (95,000 gallons). Roll call vote: Kennedy-Yes; Masciale-Yes; Nosti-Yes; Miklosey-Yes; Knoeller-Yes. Motion passed.

Norman Olsson, Brentwood Pl. – Requesting relief of utility bill, due to faulty toilet valve. Since the water that leaked did not go into the sewer system, a motion was made by Mr. Kennedy and seconded by Mr. Nosti to grant a credit adjustment on the sanitary sewer charges in the amount of \$145.82 (38,000 gallons). Roll call vote: Kennedy-Yes; Nosti-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Tony Cheng, Laurel Plaza – Requesting relief of utility bill, due to 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. Nosti to grant a credit adjustment on the sanitary sewer charges in the amount of \$529.30 (67,000 gallons). Roll call vote: Kennedy-Yes; Nosti-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Mr. & Mrs. Fisher, Steuben Ave. - Requesting relief of utility bill, due to 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. Nosti to grant a credit adjustment on the sanitary sewer charges in the amount of \$343.00 (57,000 gallons). Roll call vote: Kennedy-Yes; Nosti-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Lauren Polhemus, Joffre Rd. – Ms. Polhemus was present requesting relief of utility bill, due to a faulty water meter. Since the meter tested inaccurate a motion was made by Mr. Nosti and seconded by Mr. Masciale to grant a credit adjustment on the sanitary sewer charges in the amount of \$641.60 (55,000 gallons). Roll call vote: Nosti-Yes; Masciale-Yes; Miklosey-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

Richard Holzer, Seabright Road – Mr. Holzer was present requesting relief of his utility bill, due to unexplained high water usage. He stated his utility bill has never been over \$200.00 for a quarter. His August bill was \$780.22. He stated the LMUA checked for leaks, and none were found. The meter was taken out and tested accurate. Mr. Knoeller informed Mr. Holzer if there was some type of leak that did not go into the sewer system, he would get a credit on the sewer. If the water was going through a bad flapper valve from the toilet and was going into the sewer system he would be responsible. The Authority needs to know if something was leaking in order to get credit. Mr. Holzer stated the crawl space was wet, but no leaking pipe. Mr. Nosti explained that could be due to surface water. Mr. Knoeller asked Mr. Woolf to speak to field personnel who inspected his home to find out what they saw and get back to Mr. Holzer with the findings.

**OLD
BUSINESS**

Joanne Tsarnas, Maple Lane – Requesting relief of utility bill, due to leaky pipe. A motion was made by Mr. Nosti and seconded by Mr. Miklosey to grant a credit adjustment on the sanitary sewer charges in the amount of \$737.38 (118,000 gallons). Roll call vote: Nosti-Yes; Miklosey-Yes; Kennedy-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Resolution 2016-02 – Appointing Debra Cardullo to position of Bookkeeping Assistant - Secretary Kennedy executed Resolution 2016-02 appointing Debra Cardullo to the position of Bookkeeping Assistant.

Resolution 2016-03 – Appointing Kathleen Stephensen to position of Billing Supervisor - Secretary Kennedy executed Resolution 2016-03 appointing Kathleen Stephensen to the position of Billing Supervisor.

**NEW
BUSINESS**

Mr. Knoeller asked the Personnel Committee to make recommendations for officers at the reorganization meeting next month.

Mr. Knoeller stated he anticipates identifying quite a few areas in the Barnegat pines, and other areas, for more sewer users.

**PUBLIC BUSINESS/
COMMENT**

There was no public business/comment.

**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 \$277,865.32 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. Nosti and seconded by Mr. Kennedy to adopt the above resolution. Roll call vote: Nosti-Yes; Kennedy-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at 7:50 p.m.

Respectfully submitted,

Michele Kennedy
Secretary

