

**LACEY MUNICIPAL UTILITIES AUTHORITY
RATE HEARING & REGULAR MEETING
MAY 1, 2019**

Pledge of Allegiance

ROLL CALL

A Rate Hearing and Regular Meeting of the Lacey Municipal Utilities Authority was held on Wednesday, May 1, 2019 and was called to order at 6:30 p.m. by James Knoeller, Chairman. Other members present were Michael Masciale, Jack Nosti, Ralph Lanuto, Alan Baker and Paul DeNicola. Also present were Martin Buckley, attorney; Alan Dittenhofer, engineer; Brian Waldron and Michael Holt, auditors; 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 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**

Martin Buckley, Esq., Hearing Officer – Mr. Buckley 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 April 12, 2019.

Brian Waldron, Auditor – Mr. Waldron spoke of the proposed adjustments to water and sewer service charges, and sewer connection fees. His office has provided a letter with calculations for the maximum allowed connection fees for both water and sewer.

Edward A. Woolf, Executive Director – Mr. Woolf stated the Authority is proposing to adjust the sewer and water service charges. The proposal is a \$10.00 per quarter decrease on both water and sewer amounting to \$80.00 a year per house savings to the rate payers. Also being considered is adjusting the current sewer connection fees from \$2,000.00 to \$2,200 (see attached).

COMMISSIONERS COMMENTS

Mr. Knoeller stated the Authority has an excess in unrestricted funds in its budget line items. A good part of that is for anticipated capital improvements, however, \$480,000.00 will be taken out of that fund July 2019, the other half (\$480,000.00) will be taken out after January, 2020, which will come from the savings the Authority will have out of the bond reduction payment. There will be a net reduction of \$1.8 million dollars as of January 1, 2020, which means the \$960,000.00 will come out of that savings and still have over a million dollars more in surplus after next year.

Mr. Knoeller drafted a letter explaining to the rate payer how the reduction was possible which states "*Attention all Lacy MUA customers, effective with this invoice, you will see a \$20.00 reduction in service fees for this quarter. This will continue for each quarter until the \$80.00 per annum reduction is reached.*"

This reduction was made possible due to the following:

- 1. As the Authority's customer base increased, no additional employees were added.*
- 2. No additional bonding or borrowing was done for capital improvement projects over the last five years.*
- 3. Our present debt service is rapidly being paid down.*
- 4. Conservative management practices.*

Mr. Nosti stated the concern he has is that the budget was prepared at the beginning of the year. He asked if using \$480,000.00 in the middle of the year affect the existing budget. Mr. Knoeller explained technically the budget will not be touched. Funds can be transferred from the capital reserve and unrestricted funds to cover this expense. In fact, there will be an increase in revenues in this budget by looking at projected connections. The budget will not be impacted.

Mr. Baker and Mr. DeNicola recommended the letter to the customer also include there has not been a rate increase since 2013. Mr. Knoeller agreed.

PUBLIC TESTIMONY

Regina Discenza – Mrs. Discenza asked if the rate structure affects commercial establishments. Mr. Knoeller stated it is just residential.

FORMAL ACTION

Resolution 2019-31 – Approving Rate Structure for Sanitary Sewer and Water Customers - A motion was made by Mr. Masciale and seconded by Mr. Nosti to adopt *Resolution 2019-31, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Approving Rate Structure for Sanitary Sewer and Water Customers effective July 1, 2019.* Roll call vote: Masciale-Yes; Nosti-Yes; Baker-Yes; Lanuto-Yes; Knoeller-Yes. Motion passed.

**APPROVAL
OF MINUTES**

Regular Meeting of April 3, 2019 - A motion was made by Mr. Nosti and seconded by Mr. Lanuto to approve the minutes of the Regular Meeting of April 3, 2019. Roll call vote: Nosti-Yes; Lanuto-Yes; Baker-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

**EXECUTIVE
DIRECTOR'S
REPORT**

Cash Balance Report - Period Ending March 31, 2019 - Mr. Woolf summarized the cash balances for period ending March 31, 2019 as follows: Total cash balance for the unrestricted accounts were \$9,510,953.46, with earnings of \$20,473.29. Total cash balance for the restricted accounts held by the trustee were \$3,793,970.61, with earnings of \$2,961.35. Current period interest on the restricted and unrestricted accounts was \$23,434.64. Year-to-date earnings on all interest bearing accounts were \$20,473.29.

Comminutor Parts – Mr. Woolf requested authorization to advertise and receive bids for comminutor parts. He explained the sewer pumping stations have grinders that grind up material that may clog the pumps. In order to not exceed any bidding thresholds, he would like to advertise to get the parts as needed. A motion was made by Mr. Nosti and seconded by Mr. Lanuto authorizing to advertise and receive bids for comminutor parts. Roll call: Nosti-Yes; Lanuto-Yes; Baker-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Replacement of FRB3 Pump Station Bulkhead – Mr. Woolf requested authorization to advertise and receive bids for replacement of FRB3 sewer pumping station bulkhead. He explained the bulkhead is in disrepair and needs to be replaced. A motion was made by Mr. Masciale and seconded by Mr. Nosti authorizing to advertise and receive bids for replacement of FRB3 pump station bulkhead. Roll call vote: Masciale-Yes; Nosti-Yes; Baker-Yes; Lanuto-Yes; Knoeller-Yes. Motion passed.

Inventory Threshold – Mr. Woolf stated the finance committee met to discuss the annual audit. One of the items that was discussed is inventory. Currently, materials, parts, etc. is being counted down to the value of \$20.00, which creates a lot of excess labor and time. Mr. Woolf is requesting to increase the threshold to \$50.00, thereby reducing the number of items that are being counted. Mr. Knoeller asked Mr. Woolf to prepare a policy change to be voted on at the next meeting.

**BUSINESS
REPORT**

The business report was submitted for review.

**ENGINEER'S
REPORT**

Resolution 2019-32 – Preliminary Sewer and Water Approvals – Grove Street Lot Consolidation and Minor Subdivision – Wavcross Investment Group, LLC – Block 1736, Lots 1-13, 41-43, Block 1737, Lots 4-10, 41-43 – Mr. Dittenhofer reported his office received the applications and plans for preliminary sewer and water approvals for Grove Street lot consolidation and minor subdivision. The applicant is proposing to consolidate several lots and construct a minor subdivision of Block 1736, Lots 1-13 & 41-43, as well as Block 1737, Lots 4-10 & 41-43 in Lacey Township. On recommendation by the Authority's engineer, a motion was made by Mr. Masciale and seconded by Mr. Nosti to adopt *Resolution No. 2019-32, Resolution of the Lacey*

Municipal Utilities Authority, County of Ocean, State of New Jersey, Preliminary Sewer and Water Approval, Grove Street Lot Consolidation and Minor Subdivision, Waycross Investment Group, LLC. Roll call vote: Masciale-Yes; Nosti-Yes; Baker-Yes; Lanuto-Yes; Knoeller-Yes. Motion passed.

Resolution 2019-33 – Preliminary Water Approval – Independent Spent Fuel Installation Expansion – Exelon Corporation – Block 1001, Lot 4.02 – Mr. Dittenhofer reported his office received the applications and plans for preliminary water approval for Independent Spent Fuel Installation Expansion, Exelon Corporation. The applicant is proposing to construct a 2,200 SF security building at the Independent Spent Fuel Installation on the site of the existing Oyster Creek Nuclear Generating Station on Block 1001, Lot 4.02 in Lacey Township.

Mr. Knoeller stated he asked Mr. Dittenhofer to get preliminary estimates on what the cost would be to run the water line, and negotiate with Exelon to determine how much they would be willing to pay towards installation of the water line.

On recommendation by the Authority's engineer, a motion was made by Mr. Nosti and seconded by Mr. Lanuto to adopt *Resolution No. 2019-33, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Preliminary Water Approval, Independent Spent Fuel Installation Expansion, Exelon Corporation, Block 1001, Lot 4.02.* Roll call vote: Nosti-Yes; Lanuto-Yes; Baker-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

New Administration Building – Mr. Dittenhofer stated construction of the administration building is complete. A CO was issued by the Township, however, punch list items still remain with the contractor. Punch list items are on-going at this time.

Sanitary Sewer Clean and Televis – Mr. Dittenhofer stated his office is preparing plans and specifications to have the three main sanitary sewer trunk lines cleaned and televised. The three locations will include the northern line at Bay Way extending west, the central line at Nautilus Boulevard extending south and the southern line at Beach Boulevard extending west.

Water Tank No. 1 Repainting – Mr. Dittenhofer stated a tank inspection of the exterior and interior of the tank was performed on March 19, 2019. His office is currently preparing specifications for the repainting of the tank.

ATTORNEY'S REPORT

Rate Hearing 2019 - Mr. Buckley stated the appropriate notification of the rate hearing has been published in two official newspapers of the Authority.

Water Service Application (Former Nursing Home Site) – Mr. Buckley stated his office reviewed and approved the closeout documents submitted on behalf of Lacey Family Apartments.

AUDITOR'S REPORT

Accountant's Status Report – Month Ended March 31, 2019 – Mr. Waldron reported sewer revenues had an unfavorable variance for the month, but favorable on water.

Sewer and water expenses had a favorable variance for the month and year to date. Sewer and water user charges were both unfavorable for the month.

Auditor's Report - Mr. Waldron stated a meeting was held with the Finance Committee to review the 2018 audit. Mr. Holt summarized the draft audit report. Overall, it was a positive report with no recommendations.

CORRESPONDENCE

Damian Lubrano, Bowsprit Point - Requesting relief of utility bill, due to broken pipe. Since the water from the leak did not go into the sewer system, a motion was made by Mr. Nosti and seconded by Mr. Lanuto to grant a credit adjustment on the sewer charges in the amount of \$251.06 (59,000 gallons). Roll call vote: Nosti-Yes; Lanuto-Yes; Baker-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Walter Markulec, Seagull Drive - Requesting relief of utility bill, due to broken pipe. Since the water from the leak did not go into the sewer system, a motion was made by Mr. Nosti and seconded by Mr. Lanuto to grant a credit adjustment on the sewer charges in the amount of \$321.00 (67,000 gallons). Roll call vote: Nosti-Yes; Lanuto-Yes; Baker-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Pasbjerg Development, Lacey Mall - Requesting relief of utility bill, due to broken pipe in vacant store. Since the water from the leak did not go into the sewer system, a motion was made by Mr. Masciale and seconded by Mr. Nosti to grant a credit adjustment on the sewer charges in the amount of \$3,421.28 (462,000 gallons). Roll call vote: Masciale-Yes; Nosti-Yes; Baker-Yes; Lanuto-Yes; Knoeller-Yes. Motion passed.

Joseph Bozzo, Molokai Drive – Requesting water meter replacement fees. After consideration of this request, a waiver of the service charges could not be supported. It was determined the water meter cracked due to freezing temperatures. It is the customer's responsibility to protect the water meter from freezing temperatures.

OLD BUSINESS

There was no old business to discuss.

NEW BUSINESS

There was no new business to discuss.

PUBLIC BUSINESS/ COMMENT

Regina Discenza, Sunset Drive - Mrs. Discenza asked if it is possible to post street signs directing where the new LMUA building is, specifically, Manchester Avenue and Veteran's Way. Mr. Knoeller asked Mr. Juliano to handle the possibility of getting more street signs posted.

Mrs. Discenza asked about an article written in the Lacey Patch regarding chemical contamination in the water. Mr. Woolf explained the Patch wrote an article about PFAs that are considered a synthetic organic chemical. He stated the article was written irresponsibly and stressed that contaminants have not been detected in our water supply. He pointed out the article lists all utilities who have had a violation, however, the violation for the LMUA has nothing to do with water quality. It was a reporting violation for failing to report sample results to NJDEP in a timely manner. If there was a

chemical violation the LMUA would have notified each of its customers by mail and other media sources as required.

**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 \$398,269.49 be and the same are hereby approved to be paid.
2. Said vouchers are listed on the attached computer check register.

A motion was made by Mr. Masciale and seconded by Mr. Nosti to adopt the above Resolution. Roll call vote: Masciale-Yes; Nosti-Yes; Baker-Yes; Lanuto-Yes; Knoeller-Yes. Motion passed.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at 7:30 p.m.

Respectfully submitted,

Michele Kennedy
Executive Secretary