

THE LINDEN ROSELLE SEWERAGE AUTHORITY

The minutes of the regular meeting held on Thursday, April 27, 2017 at 12:00 P.M. in the office of the Linden Roselle Sewerage Authority.

Chairman Vircik announced that the Public Notice of time and date of the Public Meeting has been duly executed in accordance with the Open Public Meeting Act, P.L., 1975, Ch. 231, notification being mailed 12/29/16 to the Local Source, Star Ledger, Home News Tribune, and to the municipal clerks of Linden and Roselle for posting in a public place.

Present: George Vircik, Chairman; Robert Sadowski, Vice-Chairman; Edward Mikolajczyk, Treasurer; Jamel Holley, Member;

Late: Reginald Atkins, Alternate Member;

Attending: Gary G. Fare, Executive Director; Richard Rudin, Board Attorney; Thomas Schoettle, CDM Smith; Karen Musialowicz, Finance Manager.

Chairman ask for moment of silence for departed Commissioner, Patrick Cerra.

MOTION: Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously approved the Agenda set forth below.

MOTION: Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously approved the minutes of the March 22, 2017 Executive Session.

MOTION: Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously approved the minutes of the March 22, 2017 Regular Board Monthly Meeting.

MOTION: Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously accepted as read Treasury Report.

MOTION: Upon motion of Mr. Vircik, and seconded by Mr. Holley, the board unanimously accepted appointment of Robert Sadowski as an Acting Secretary for this meeting.

Tom Laustsen left the board room due to Executive Session.

EXECUTIVE SESSION

MOTION: Upon motion of Mr. Holley, seconded by Mr. Sadowski to discuss "Personnel Matters" and any other matters as may come before the Members.
(At 12:06 P.M., Resolution #04E-17 attached).

12:10 PM Mr. Atkins arrived.

MOTION: Upon motion of Mr. Mikolajczyk, seconded by Mr. Sadowski, the Executive Session was closed 12:15 P.M. and the regular business meeting resumed.

The regular business meeting resumed; Tom Laustsen, CDM Smith rejoined the meeting.

The following action has to be taken by Motion:

MOTION: Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously approved recommendation of the Committee and the Executive Director to hire Arthur Washington as Shift Operator with salary of \$42,319 with a 6 month probation.

BUSINESS AGENDA

2017 Sewer Rates and Charges

The Executive Director reported that the Authority and the consulting Engineers, CDM Smith have reviewed the current methodology for distribution of costs between users of the Sewer System. The distribution of costs is based on the biennial review conducted in 2015 shifted the cost allocations as follows:

O&M Costs; 2015 review showed Flow 35%; BOD 25%; TSS 40%. Capital & Debt Service Costs; 2015 review showed Flow 50%; BOD 28%; TSS 22%.

The Executive Director said the next Biennial Review will be performed in 2017 for use in the 2018 rate setting. Another important aspect prior to presenting the options for Proposed 2017 Rates, the Board should be aware of prior decisions and planning that have been implemented.

The Executive Director further said that Table 1 illustrates the Capacity Fee which was implemented in 2015 and it is worth noting that it generated \$200K of revenue for the Authority for 2016. Even though the Exhibit shows capacity fee costs for Flow, BOD and TSS, a policy was made in 2015 to only charge the flow capacity to the Class B Users.

This decision was made because the Authority's Class A users already are charged premiums for BOD and TSS. In addition the Executive Director stated that the capacity fee is only charged to the B Users who do not meet 80% of their allocated flow limits. This Capacity Fee was an excellent, innovative concept in generating new Revenue.

Table 2 illustrates that over the last five years the Board made decisions to utilize Surplus Funds to keep rate increases fairly equal among the User Classes, rather than distributing surplus according to loads received. This would have created disproportionate rate increases among the User Classes. The Executive Director further stated that decision was based on the theory that we are "One Authority" and that Surplus should be utilized to keep rate increases equal among the User Classes. Table 2A illustrates the percentage of cumulative Surplus that has been distributed to each User Class using both methods, also to keep rates equalized, certain User Classes received more Surplus funds as follows: Roselle – received surplus 42%, had flows of 33%; Linden Non Majors – received surplus 39%, had flows of 51%; Class A – received surplus 1%, had flows of 2%; and Class B - received surplus 17%, had flows of 12%.

The Executive Director stated when the Budget was presented in October 2016, a planning strategy was presented to the Board in Table 3. The strategy was introduced to use small amounts of Rate Stabilization Surplus along with reasonable rate increases. Authority's Capital Budget will also require annual funding through Surplus or the Authority's budget. This could enable the Authority to avoid increasing Debt Service for Capitalization projects until 2024 when the current Debt Payments will drop \$900K annually. The Authority anticipates that the next borrowing will be in the area of \$5million, which would require payments in the area of \$450K per year. This would reduce overall debt payments which will contribute to keeping Rates stabilized. At this time the Board had selected to initiate this strategy with the anticipation of a 1.1% rate increase, using \$343 of Surplus as is shown in column B.

The Executive Director continued, based on the above information, the proposed rates for 2017 are shown on Table 4 in the rate booklet and referred the Board to Table 4, which is divided into columns A, B, C & D which represent the methods of distribution of Surplus mentioned above. The first choice is the amount of Surplus to be used. Surplus can remain at the \$343K Budgeted for 2017, or be reduced to \$290K. Secondly the Board must choose how to distribute the Surplus; Columns A and C are based on Loads and Columns B and D based on equalizing the LRSA objective, to have no residential rate increase for 2017 and close to no increase for all the other users.

April 27, 2017

2017 Sewer Rates and Charges (continued)

The Executive Director further stated that the Board should feel confident that all efforts are being made to keep rates stabilized. Therefore, the Executive Director and Staff are recommending that the Board adopts the rates as proposed in Table 4, either option "B" or option "D". Any unutilized budgeted Surplus will automatically return to 2017 year end Surplus and be available for future rate stabilization.

MOTION: Upon motion of Mr. Holley, seconded by Mr. Sadowski, the Board unanimously approved by Resolution adopting the 2017 Sewer Rates option "B" as presented. (Resolution #24-17 attached)

Issuance of an Industrial Discharge Permit to Blue Apron

Blue Apron is a new user who has applied for an industrial discharge permit with LRSA to discharge wastewater from a food preparation facility located at 901 West Linden Avenue in Linden. Blue Apron will prepare and deliver the ingredients to home users who will cook their own meals. The facility is estimated to produce a maximum of 63,000 gallons per day (gpd) of wastewater. There are no pretreatment processes in the facility. LRSA conducted an initial evaluation of the application and found the proposed discharge to be acceptable to the LRSA system. Blue Apron is subject to the LRSA local pretreatment limits; there are no EPA categorical standards for this type of waste stream. The total volume discharged will be monitored for all the local limit pretreatment parameters. The draft permit was subject to 30-day public comment. No comments were received. Therefore the Executive Director and Staff are recommending that the Board adopts Industrial Discharge Permit to Blue Apron commencing May 1, 2017.

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk, the Board unanimously approved Resolution authorizing issuance of an Industrial Discharge Permit to Blue Apron commencing May 1, 2017. (Resolution #25-17 attached).

EXECUTIVE DIRECTOR'S REPORT

The Executive Director presented to the Board his monthly report (see attached report). There were no questions of the Executive Director's Report.

BIDS AND PURCHASES

Resolution to Ratify and Confirm Emergency Expenditure for Gravity Thickener Pump

The Authority's two (2) progressive cavity pumps; J-1 and J-2 have reached the end of their expected life. This equipment pumps abrasive sludge material from the gravity thickeners to the digesters as part of the sludge treatment system. The Authority had parts available to rebuild the J-2 pump, however the J-1 pump was beyond repair. These pumps are considered essential as their failure to operate could result in an organic overload on the aeration system disrupting the biological treatment and potentially impacting Authority compliance status. Under these circumstances, it was essential to replace the pump as soon as possible. Therefore, the Executive Director authorized the purchase of a replacement J-1 pump from Hisco Pumps Inc. in the amount of \$10,256. The Executive Director requesting that the Board ratify and confirm the expenditure to purchase of J-1 pump as it was in the best interest of the Authority.

MOTION: Upon motion of Mr. Mikolajczyk, seconded by Mr. Holley, the Board unanimously approved a Resolution ratifying and confirming Emergency Expenditure for Gravity Thickener Pump from Hisco Pump Inc. in the amount of \$10,256. (Resolution #26-17 attached)

Mr. Holley left the meeting at 1:10 PM and stated that Mr. Atkins can act on his behalf.

Recommendation to Rescind and Award a Water Quality Consultant

By Resolution #08-17, at the 2017 Reorganizational Meeting a contract was awarded to Aquatic Sciences Consulting to provide Water Quality Consultant Services to the Authority. Subsequent to the award of the contract, Aquatic Sciences Consulting advised the Authority that they did not intend to carry Professional Liability Insurance coverage. As it was the determination of the Authority's Insurance Consultant that this coverage should be required, it has now become necessary to rescind the contract award. Therefore, after rescinding the contract awarded to Aquatic Sciences Consulting, the Executive Director and staff are recommending that the Board award a contract to provide Water Quality Consulting Services to Mott MacDonald, LLC whose proposal in the amount of \$18,000 has been ranked second highest in the evaluation process. Mott MacDonald, LLC has previously served in this position and the Authority has been satisfied with their level of service.

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk, the Board unanimously approved Resolution to recommend rescinding contract award to Aquatic Sciences Consulting and awarding a contract to the second highest bidder to provide Water Quality Consulting Services to Mott MacDonald, LLC in the amount of \$18,000. (Resolution #27-17 attached).

ENGINEERS REPORT

Thomas Schoettle briefly summarized engineer's report.
There were no questions of the engineer.

PUBLIC COMMENT

There were no public in attendance.

BILLS AND CLAIMS

Certification and recommendation received from the Executive Director, Purchasing/Contract Manager, and Financial Manager.

Operating Fund

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Atkins, the Board unanimously approved payment of the Operating Bills in the amount of \$671,029.98 (Resolution attached).

Renewal and Replacement Fund

MOTION: Upon motion of Mr. Mikolajczyk, seconded by Mr. Atkins the Board unanimously approved payment of the Renewal and Replacement Bills in the amount of \$23,994.00 (Resolution attached).

ADJOURNMENT

MOTION: Upon motion of Mr. Mikolajczyk, seconded by Mr. Atkins, the meeting was adjourned at 1:14 P.M. and it was ordered that the next monthly meeting of the LRSA be held on Wednesday, **May 24, 2017 at 12:00 P.M.** in the office of the Authority.