

Minutes of a PUBLIC MEETING of
The Brick Township Municipal Utilities Authority Held on
January 28, 2013 beginning at 6:00 p.m.

1. SALUTE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. CHAIRMAN'S OPENING STATEMENT

Chairman Veni called the meeting to order and read the following statement: *This meeting is being conducted pursuant to the Open Public Meetings Act, being Chapter 231 of the Laws of 1975. In accordance with the requirements of this law, a Meeting Notice was published on February 9, 2012 in the Asbury Park Press. Similar Notice was given to the Clerk of the Township of Brick and placed on the bulletin board maintained for this purpose by the Authority."*

3. ROLL CALL

| | |
|-----------------------|---------|
| Allan E. Cartine | Present |
| George Cevasco | Present |
| Joseph P. Buttacavoli | Present |
| Patrick L. Bottazzi | Present |
| John Ciocco | Present |
| Edward McBride | Present |
| Joseph M. Veni | Present |

Staff & Consultants Present

James F. Lacey, CPWM, Executive Director
Steve Specht, PE, Director Engineering/Operations
Frank Pannucci, Director of Customer Accounts
Frank Planko, CFO
Joseph Maggio, Director Water Quality
Marie Sylvester, Executive Supervisor
Jerry Dasti, Esq. Authority General Counsel
Chris Dasti, Esq.
John S. Truhan, PE, Authority Consulting Engineer
Frank Holman, Authority Auditor
Rob Greitz, Esq., Labor Counsel

4. Directors' Reports

a. James F. Lacey, CPWM, Executive Director

Director Lacey advised, "I have a couple of things to report. One of the things which I think is good news is FEMA has sent us a check today for \$1,312,500.00. That is half of the \$2.625 million or the 75% of the FEMA damages so they sent us that and this money has been given to Frank Planko to be deposited."

Director Planko advised, "Actually we are ahead of the game because we haven't even disbursed that much money. We will be using their money to pay for our bills."

Director Lacey continued, "Item No. 1 in my report you will see that we know that we are going to be doing a budget presentation tonight. Number Two that is our Public Officials and Employee Practices and Liability Insurance. There is an option to reduce the deductible of course if you want to raise the premium. We have to let them know by the first of February. You have all been copied in my report. I spoke with Mike Avalone our Risk Manager and he said most people in the Authority are staying with the \$20,000 deductible. That is something that the Board has to decide. Also we have to name the insurance commissioner for the Authority. I think Domenick Brando is doing it now since the Central Services Division is vacant."

Comm. Cartine stated, "Last month I had asked that we table the amount of deductible that we were to choose because I didn't quite have a chance to study it and look at it and I have since been able to look at it and get an explanation from Mr. Avalone and Jim Lacey. I concur that we should stand by what we have and tonight I would expect that we can all vote on it. I just wanted you to understand that I am on Board with that."

Director Lacey continued, "The RFQ's are in from all the professionals. They are in the small conference for the commissioners to view as they wish. Other than that I think the other directors have some interesting things to tell you throughout the night. That is pretty much all I have except I do have some personnel and I believe Rob Greitz will be here from Jim Holzapfel's office to go over the negotiations."

b. Stephen T. Specht, PE, Director of Engineering/Operations

Director Specht advised, "I have two resolutions on the agenda tonight. The first one is 03-13 and is for the award of a fair and open agreement with T&M Associates for \$56,950.00 for design and construction services associated with the rehabilitation of eight wastewater pump stations that were damaged in Super Storm Sandy. We did get quotes from all of our alternates as well as Mr. Truhan. Resolution 04-13 is authorizing a task order between the Authority and Remington & Vernick Engineering for an increase in the contract amount of \$79,018.00 for the generator replacement at the water treatment plant. One of the items in their proposal is the preliminary design and includes the evaluation of an alternate fuel supply of natural gas. Their original design had approximately \$15,000 to be utilized if we needed it to increase the size of the fuel storage tank. I pulled that out of their proposal as an alternate in the event that we need to use it in the future we still have it in their proposal but right

now we are not going to obviously incur those costs until we finalize how we are going to head with the generators whether some are going to be natural gas, some are going to be diesel, so that is also in there.”

Chairman Veni stated, “Comm. Cevalasco you gave me a price of \$700,000 for the gas generator maybe that quote was prior to Sandy, but right now it is over \$1 million because of supply and demand.”

Comm. Cevalasco stated, “Just to point out the trend is today to migrate away from diesel because of environmental concerns. It is always the way, prior to Sandy I was going to put in a gas powered generator to partial of my house and that particular size which is a 20 kw has almost doubled.”

Chairman Veni advised, “Our price prior to Sandy was \$5,200 now its \$8,400. I was doing the same thing.”

Director Specht continued, “With regards to Super Storm Sandy and the Barrier Island, as the Board is aware we hired National Water Main and they have completed their portion of the cleaning of the mains and TVing of the mains. I am happy to say that no major portions of our mains were damaged. The crews are now capping the sewer laterals from houses that were destroyed out there. When we first started we had over 63,000 of lineal pipe that needed to be inspected there and we are down to 1800 feet that is not in service right now. The majority of that is on Camp Osborn which was completely destroyed. Here is the map of the Barrier Island. You can see in green where we are at right now and we only have a little bit. Camp Osborn which is right here and 9th Avenue has a little bit and Marion Drive so we are in pretty good shape on the Barrier Island both North and South. So out of the 60 some odd thousand feet of main only 1800 is out of service right now and again we are working to get as much as we can back in service with our crews out there so that is a good thing.”

Chairman Veni advised, “I understand that you still can’t go through Bay Head on Route 35.”

Director Lacey advised, “From Sacred Heart Church South it is my understanding that it is going to be open some time in February..”

Director Specht replied, “I have one other purchase on the agenda tonight and it is for an emergency pump at the Island Drive ejector station. We are still vacing that station out on a regular basis. What this will do is buy us some time until we have the new design complete and I have three prices. Xylem Water Solutions for \$6,336.00 is the most reasonable price and that will be reimbursable under our Super Storm Sandy Acct. No. 1280. That about sums it up. Also in assistance with Water Quality we have advertised for the replacement of the power cable between the generator building and the raw water pump station. We are accepting bids on February 7th. It is on the Street right now and I would anticipate awarding at the February 25th public meeting. We made some modifications to that main and we already talked to FEMA about it and it looks like the majority will be reimbursable under FEMA.”

c. Frank Planko, Chief Financial Officer

Director Planko advised, “I have a few resolutions on the agenda tonight for the budget. I would like to take maybe ten minutes to do a quick overview and key points on preparing that budget before I send it out for approval by DLGS.”

d. Joseph Maggio, PE, Director of Water Quality

Director Maggio advised, "Yes Mr. Chairman we have two resolutions on this evening's agenda. Both of which are very positive items. One is for the award of our chemical bids for fiscal year 13/14. Not only are we seeing favorable prices. For the most part we saw reductions in prices, but we also this is the first year where we significantly reduced the number of chemical quantities that we are looking to purchase and that results from all the chemical changes that we made last year which I reported previously were very successful. Some of the main things were the elimination of carbon dioxide which is normally something that is about \$150,000 and also significantly reducing our quantity of lime we use. Another relatively big ticket item. The reduction in use of and elimination of carbon dioxide is possible because we piloted the use of Ortho Phosphate for lead and copper control in our distribution system and we are right now bidding for that chemical instead and for a quantity of 6,000 gallons a quantity that we think will last us about a year. We are talking about \$26,000. We are talking about upwards of \$200,000 in chemicals being replaced by a chemical that will cost us about \$26,000. That is really wonderful news. Also another resolution we have is asking the Board to authorize us to execute an additional grant agreement with the New Jersey DEP for the Metedeconk Watershed Protection Work. I have reported this at our last couple of meetings and actually the adoption of this grant sped up a little bit and that is a \$705,000 grant which is a lot of money and will bring us to almost \$1.2 million that we will have to spend on projects in the Metedeconk Watershed which will protect and preserve the Metedeconk Water quality. As you know that is our primary source of our drinking water and a very important resource for us. One last thing I will touch on real quick every year our laboratory invoices for the previous calendar year increase. This year we billed almost \$120,090.00. Every year they go up. This represents a 21% increased from last year. As you know earlier this year we entered into an extension of our shared services agreement with our largest customer Passaic Valley Water Company and we are able to adjust some prices upward so I can only expect similar results for the coming years."

Chairman Veni stated, "I also will say that you did a good job in reducing the Fed Ex and the UPS charges."

Director Maggio replied, "We have been focusing on that at your direction."

Comm. Cartine stated, "I don't know whether this went by me or what but I understand we have several other utility authority's interested in us doing their testing and..."

Director Maggio replied, "Yes. Lacey and Tuckerton requested prices. And I do believe that was all spawned by us meeting at the MUAA. That was a really good marketing tool and we appreciate that opportunity."

Comm. Cartine stated, "And you know as a good salesman you should be following up on that."

Director Maggio replied, "We have already. Absolutely."

f. Frank Pannucci, Jr., Director of Customer Accounts

Director Pannucci advised, "The good news is that the copiers are all installed. One of them is right out that door. We are in the middle of training everybody on all of the intricacies of how to do everything. They are all in one machine so the old fax machines and copiers that the Board are all aware

of. You can do most of the stuff right from your desk top. It will be able to fax, copy and save a lot of everything so everything is condenses and brand new so when the life of them ends we will be able to sell them on gov.deals for a lower end use and make something out of them. Other than that for the Board to vote on tonight I have my annual support package for Edmunds Associates for \$15,670 and I have some personnel for closed session and right now we are in the middle of tax sale wit the Township that is where all our energy is going.”

5. Commissioner Committee Reports

a. Construction, Buildings & Grounds Committee – *Commissioner Buttacavoli*

Comm. Buttacavoli advised, “We had a Construction Committee Meeting on 12/11 which was very short there were no proposals for any construction to be done and we reviewed a couple of contracts very quickly.”

b. Finance Committee – *Commissioner Buttacavoli/Bottazzi*

Comm. Ciocco advised, “We did have a meeting of the Finance Committee and Director Planko is going to be doing his presentation on the budget based on the discussions at our meeting.”

c. Rate Committee – *Commissioner Bottazzi/Ciocco*

Director Planko advised that the Rate Committee meeting was combined with the Finance Committee Meeting this month.

Chairman Veni asked, “Did we come up with a rate? A number?”

Director Planko replied, “Yes that will be part of my presentation.”

d. Reservoir Committee – *Commissioner Bottazzi*

Comm. Ciocco advised there was not a Reservoir Committee Meeting this month.

e. Watershed Committee – *Commissioner Cartine*

Comm. Cartine advised, “The Watershed Committee did not meet and there is really no new news and you all received a copy of director maggio’s summary of the watershed protection grant program. Nothing is new, nothing has changed at this point. Everything that is in his report would have been in the report last month so it is a work in progress.

f. Alternate Water Source/Energy Committee – *Commissioner Cartine*

Comm. Cartine advised, “We did not have a meeting but I might say this that we are in the process and this is for anybody that doesn’t understand what this is all about. The possible deployment if you will of a turbine on the Reservoir. We haven’t gone past the testing phase of it which is going to take some time and will take the cooperation of I believe one of the colleges Stockton I believe it is and one of the existing towers that is up on the property and putting that together and running tests to figure

out whether or not it is cost productive and whether or not we can provide the kind of energy that we need to operate the power on the Reservoir site.”

Chairman Veni stated, “Steve I gave you a manufacturer?”

Director Specht advised, “I did look on their website and I will investigate them further as we move along.”

Chairman Veni advised “Just let Commissioner Cartine know what I am looking at not for the MUA but for my building and maybe you guys can use that as well.”

g. Hazmat Liaison/Committee – *Commissioner Cartine/Cevasco*

Comm. Cartine advised that Hazmat did not meet this past month.

h. Security Committee – *Exempt – Chairman Veni*

Chairman Veni advised, “The Security meeting is the next item. We did have a meeting this past month and we are now in the process of advertising the closed circuit TV system for our entire campus so that will be out the second week of February. At this point we will go into exempt session.”

6. EXEMPT SESSION (*Personnel, Contracts & Potential Litigation Only*)

Counselor Dasti advised, “Mr. Chairman we need to adopt a resolution to go into closed session to discuss matters of contracts, possible litigation and personnel matters and the minutes of the meeting will be held confidential until the need for confidentiality no longer exists.”

Comm. Cartine made a motion to go into closed session. Seconded by Comm. Buttacavoli.

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni
NAYES: None
ABSTAIN: None

The Board entered exempt session at 6:20 p.m.

On motion duly made and seconded the group returned to open session at 7:23 p.m.

7. APPROVAL OF MINUTES

The minutes of the following meetings were distributed previously:

December 17, 2012

Comm. Cartine made a motion to adopt the minutes. Seconded by Comm. Buttacavoli.

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni
NAYES: None
ABSTAIN: None

8. CORRESPONDENCE - None

- *Email from Customer – 53 West Granada Drive expressing thanks for services provided*

Director Lacey advised, "We received a letter from 53 West Granada, an email and while we get some complaints sometimes we get people praising our employees and certainly up in Customer Accounts. It was a shut off due to Tropical Storm Sandy and it was from Tim and Linda Lucas and they complimented, Carol up front and Beverly and Steve Specht and Frank Pannucci for the way it was handled. And of course we have the Mrs. Deloy matter that was already discussed."

Chairman Veni stated, "I would also like to bring forward some more information. Yesterday I was called by a customer that said they called the office number and they were talking to one of our staff and he got cut off and couldn't get back to that person so I was able to get a hold of Joe Dolan who responded to their issue. I think it was a freeze out plug that popped in the person's crawl space. Joe got there within five minutes, got underneath the crawl space put the new plug in and everyone is happy. I had asked Director Pannucci to thank Joe for his quick help and service on a Sunday afternoon."

9. APPROVAL OF BILL RESOLUTION

Comm. Bottazzi read the Bill Resolution Dated January 29, 2013 in the total amount of \$1,982,157.09 as follows:

| | | |
|---------------------------|----|--------------|
| Total Operating Vouchers: | \$ | 810,318.52 |
| Total Payroll: | | 1,110,426.99 |
| Total Capital Vouchers: | | 60,691.58 |
| Escrow: | | 720.00 |
| Total Bill Resolution | \$ | 1,982,157.09 |

Comm. Bottazzi made a motion to adopt the Bill Resolution. Seconded by Comm. Buttacavoli

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni
NAYES: None
ABSTAIN: None

10. TREASURER'S REPORT

Comm. Cartine read the Treasurer's Report balances for the month ending December 31, 2012 as follows:

Unrestricted Funds:

| | | |
|----------------------|----|---------------|
| Total Revenue Funds: | \$ | 10,245,204.37 |
|----------------------|----|---------------|

| | |
|---------------------------|---------------|
| Total General Funds: | 2,462,232.23 |
| Total Unrestricted Funds: | 12,707,436.00 |

Restricted Funds:

| | |
|-----------------------------------|---------------|
| Rate Projection Maintenance Fund: | 3,190,402.00 |
| Future Capital Requirements Fund: | -0- |
| Working Capital Fund: | 1,121,464.21 |
| NJEIT Processing Fund: | 2,230,450.82 |
| Total Bond Funds: | 8,339,369.51 |
| Total Other Restricted Funds: | 1,839,369.51 |
| Total Restricted Funds | 16,721,615.15 |
| Total of All Fund Accounts: | 29,429,051.75 |

Comm. Cartine made a motion to adopt the Treasurer's Report. Seconded by Comm. Buttacavoli.

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni
 NAYES: None
 ABSTAIN: None

11. DEVELOPER APPLICATIONS - NONE

11.1 Preliminary Applications - No Further Action Required

11.2 Other Applications

11.3 Release of Performance Bonds

12. UNANTICIPATED/EMERGENCY CAPITAL EXPENDITURES - NONE

13. CUSTOMER ACCOUNTS RECONCILIATIONS - NONE

14. CONTRACT CLOSE-OUTS

15. AUTHORIZATION TO EXPEND APPROVED FUNDS

a. Purchase of Replacement Planer

Vendor: Garden State Bobcat

Amount: \$14,539.94.

Funding Source: Budgeted under Account 912003.

Director Lacey advised, "This is for the purchase of a replacement planer that goes on one of our Bobcats. We have this budgeted under Account 912003. It is for \$14,539.94 and the next highest bidders were \$16,088.65. This is essentially a piece of equipment that goes on the end of a Bobcat and it's used to plane asphalt and cooling lines and saws and things like that."

b. Parkway System Water Allocation Permit Renewal Fee

Amount: \$7,235.00

Funding Source: Account 700-6022

Director Maggio advised, "We are requesting authorization to expend approved funds for the renewal fee for our Parkway Water System Water Allocation permit. This is in the amount of \$7,235.00 and the vendor is the New Jersey Department of Treasury and the Account number 700-6022."

c. Upgrade of IFix Software and Computer Terminals/SCADA System

- * Work Stations and graphics cards – SHI, Somerset, NJ - \$22,213.84 (State Contract)
 - * 23" monitors and 8GB memory – SHI, Somerset, NJ - \$4,216.79
 - * IFix Software integrator, PCS, West Creek, NJ - \$12,500
- Funding Source: 602004

Director Lacey advised, "This is for the upgrade to the IFix Software and Computer terminals. This is the SCADA system. There are three items. One is under State Contract as you can see for \$22,213.84. There is a monitor involved and and 8 GB memory, \$4,216.79 and the software that accompanies this hardware if you go ahead with the approval on this from PCS for \$12,500.00 under funding source 602004. These items are crucial as it has been explained to me for SCADA. As you know SCADA runs essentially everything. They are also 24 hours a day, 7 days a week operation and they are about six years old and the concern is that some of these units are starting to fail."

Chairman Veni added, "Just so the commissioners know all of these items were three quoted except for item No.1."

d. Super Storm Sandy – Purchase and Installation of an Emergency Pump at the Island Drive Ejector Station

Vendor: Xylem Water Solutions

Amount: \$6,336.00

Funding Source: Super Storm Sandy Account No. 1280

Director Specht advised, "This is the purchase and installation of an emergency pump at the Island Drive Ejector Station. The vendor is Xylem Water Solutions. The total for the pump is \$6,336.00 and the Funding Source is Super Storm Sandy Account No. 1280. We did receive two other quotes. One was for \$6,413.00 from Reiner Pump and another quote was \$7,792.25 from Municipal Maintenance. We went with the low vendor on this one."

e. Annual Service Contract with Edmunds & Associates

Vendor: Edmunds & Associates

Amount: \$15,670.00

Funding Source: 905-8703

Director Pannucci advised, "I am just looking for Board Approval to expend funds on our annual support contract with Edmunds & Associates for both software and hardware in the amount of \$15,670.100 from Funding Source 905-8703."

Comm. Cevasco asked, "What is Edmunds?"

Director Pannucci replied, "That is our billing system."

Comm. Cartine made a motion to approve Items 15 a through e. Seconded by Comm. Buttacavoli.

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni

NAYES: None

ABSTAIN: None

16. AUTHORIZATION TO SEND OUT BIDS, RFQ'S & RFP'S - NONE

Chairman Veni stated, "Earlier I mentioned that we are prepared to send out our Security Closed Circuit TV and I would like to get authorization to do that."

Comm. Bottazzi made a motion to approve this action. Seconded by Comm. Buttacavoli.

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni

NAYES: None

ABSTAIN: None

17. ADOPTION OF REPORTS

Comm. Cevasco made a motion to adopt the Directors' Report. Seconded by Comm. Buttacavoli.

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni

NAYES: None

ABSTAIN: None

18. ADOPTION OF PERSONNEL ACTIONS

Counselor Dasti advised, "On the agenda is the personnel actions which were discussed in closed session which will be reflected in the minutes. If you wish to adopt the personnel actions which have been discussed and preliminarily approved in closed session."

Chairman Veni advised, "Except for Item 20.8 were tabled."

Counselor Dasti added, with the exception for 20.8 on the personnel.

Comm. Cartine made a motion to approve the Personnel Actions. Seconded by Comm. Cevasco.

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni

NAYES: None

ABSTAIN: None

19. OLD BUSINESS

19.1 POL/EPL 2013 Options to Reduce Deductibles/Co Pays

Director Lacey advised, "That is the liability insurance Public Officials Employment Liability Practices I spoke with Mike Avalone our Risk Manager and while we are in the JIF and I will let you know that we are the second largest contributor to the JIF and this is the utility JIF. The recommendation from him is that most of the JIF are staying with the current \$20,000 deductible and \$250,000 copay. There is a whole schedule of how you can reduce that by reducing your deductible and increasing your premium. You pay more but you would pay less if you had a suit."

Comm. Cartine stated, "I move that we stay with this past years formula on our insurance. Seconded by Comm. Buttacavoli.

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni
NAYES: None
ABSTAIN: None

19.2 Employee Negotiations – Exempt

Chairman Veni advised, "Item 19.2 was discussed in exempt and will stay in exempt until further notice."

20. NEW BUSINESS

20.1 Distribution of Central Services Division Duties - Exempt

Chairman Veni advised, "Item 20.1 has also been discussed in exempt and will stay there."

20.2 RFQ's for Professional Consultants

Director Lacey advised, "We have received our RFQ's and those have been returned and they were opened and they are now in the conference room for all the Commissioners to review so they can make their choices."

20.3 Request to Utilize Reservoir Site

- a. Walk-a-Thon – Jersey Shore Animal Shelter JSAC
Saturday, May 4, 2013 – 6:30 a.m.

Director Lacey advised, "We have a request for a Walk-A-Thon by the Jersey Shore Animal Shelter on Saturday May 4, 2013. They would like to start setting up around 6:30 a.m. the actual walk is 8:00 a.m. They have done this in the past and I understand from previous records that everything went well."

Comm. Cevasco made a motion to approve this action. Seconded by Comm. Buttacavoli.

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni

NAYES: None
ABSTAIN: None

20.4 2013/2014 Budget Overview

Director Planko provided the following budget review utilizing a Power Point Presentation as follows:

"I mentioned earlier that I had the meeting with the Finance and Rate Committee. I also distributed my December 31st memo to all the commissioners. I just want to take ten minutes to give a brief overview of some of the key issues. First of all as I mentioned in the memo we have an overall rate increase of 2.5% in 13/14. That will generate for us \$845,000 in additional revenues. As we know we have a bulk sales agreement with Lakewood. We anticipate that will take effect some time in the fall. That is for a straight 60,000 gpd. Depending on when we get started with that I estimate that is going to bring us about \$40,000 in revenues in fiscal 13/14. Directors Lacey, Specht, Pannucci and myself talked about the storm impact. Based on those discussions I estimate we are going to have a revenue loss of over a half a million dollars in 13/14 due to the storm particularly sewerage revenues down in the barrier islands which I factored into the budget as well. These two debt reduction and debit refinancing I have been talking about for the past three years and the timing is perfect. we are going to have a debt reduction this year of about \$1.3 million dollars of existing debt and at the same time as I talked about in the past we are doing to have some new financing coming on on line. This particular year we have a very aggressive capital spending plan. This is very important. This 68% water and 32% sewerage which means most of our new financing will be on the water side which is why the overall rate is 2.5%. The water rate is higher at 3.3% than the sewerage rate at 1.7% and this is the main reason why. Another overview issue is employee health contributions. We have a full year of health contributions that is going to be about \$155,000 and that serves as a credit towards health benefits expenses. We have a very aggressive five year capital plan at 38.1% which I am going to talk about a little bit. And again capital borrowing is imminent as I talked about at past meetings with the Finance Committee. This is just a quick overview of our operating expense comparison. As I mentioned we have debt service dropping off. We are going to have additional debt service coming on. So it is going to remain relatively flat there. What I do when I mention as a reminder for the new commissioners, we had two refinancing. One in 2006 and one in 2011 which is saving us over \$300,000 a year in debt service. Sewerage treatment we see actually a decrease of \$138,000 and that is storm related as well because of the barrier island. Less flows less cost to the OCUA. I estimate our costs are going to go down about \$180,000.00 in fiscal 13/14. We have an increase of less than \$400,000 in payroll and fringes. We have a couple of positive factors there. One is the health contributions I just talked about of \$150,000 and we have to remember the opt out program that we approved about five years ago. We have 9 participants that is saving us about \$150,000 a year in health costs in that program. We also have three additional retirees that have increased that cost about \$70,000. Here we have other operating costs that have gone down almost \$400,000 that is for the day to day operations to run the Authority for all the directors. A couple of key items is one the electric bid that I talked about two months ago with the Board. We saw that 2.4 cent rate decrease that is saving us over \$200,000 in electric costs. That is the big factor and the other factor is chemicals which Director Maggio talked about earlier. It is a matter of savings on the cost of chemical and chemical usage efficiencies so we see a significant savings there as well. This line item here is the first time in 17 budgets that I did with the Authority that I actually see a decrease in expenses from one year to

the next of almost \$300,000. It is the first time we have ever had a budget decrease in expenses. Here is our income comparison. There is nothing really here that jumps out. In this annual service charge I already talked about I took into account the storm impact. I also took into account changes in average use particularly for our bulk customers so that has been factored in as well. I mentioned on the first slide that 2.5% increase is going to bring us about \$845,000. These numbers remain relatively stable. Here we have a million dollars in other sources of income there are two items particularly in here that I want to mention. One is cell tower revenues that we have almost \$350,000 and the other is what Director Maggio talked about earlier lab fees which have been growing steadily. We are going to have lab fees of at least \$125,000 possibly more if Director Maggio gets those other accounts that he talked about earlier this evening. A couple of minutes on capital. I mentioned that we have a very aggressive capital program. \$38.1 million. As you can see here in 13/14 we have \$12 million. The key projects are the finish of Well 15. We have generators in there. We have sewer rehab and replacement. We also have water treatment plant infrastructure. You can see that is going to be the biggest year for spending. This is the 5 Year Capital Plan the same 38.1 million by function. Asterisks on line items 2 through 7 are all engineering and field operations which accounts for most of that \$38.1 million or in other words about \$23 million dollars worth of spending. You can see a mixed bag of water mains, generators, Well No. 15, pump stations, sewer rehab and so forth. Finally we have how we are going to finance this \$38.1 million. Again earlier Joe talked about grant spending of \$1.2 million particularly for Resolution No. 5 that \$700,000 is included in there. The Director has about another \$1.5 million for NJEIT 2002 loans which we are probably going to close out. We'll use the million dollars in internal funding for the rest of the FCR since there is no money left in that account. Most of our money is going to come from potential borrowing which may include the potential for some borrowing through the NJEIT which will be our lowest rate that we can get for borrowing. Two or three months ago I asked the Board to pass a Reimbursement Resolution so that money we are spending now utilizing internal funding will reimburse when I get that money back from borrowing. It is a similar technique I used when we borrowed for the Series 2002 Bonding. Finally, I just wanted to take a look at a five year history of the rates. You can see that rate of 2.5% effective April 1st is the lowest we have had in the past five years despite the fact that we had the storm impact of half a million dollars and including the fact that we are going out for additional borrowing for a very aggressive capital plans. Resolutions 01-13 and 02-13 will be on the agenda tonight. Upon approval of them this evening I will be sending those resolutions and the appropriate budget package out to the DLGS for approval as well."

Mr. Holman added, "I attended a Finance Committee Meeting and reviewed Frank's budget work sheets. I just wanted to add that the 2.5% is an overall increase. You have that broken out between water and sewer. Water is 3.3% and 1.7% this is a very unusual situation. Your expenditures are less than a year before but I don't know if I have ever seen that. It is a feat in itself where revenues have shrunk more than the anticipated expenditure. So on both sides of the budget we are smaller than we were the year before. Expenditures are less, the user fees are down and initial service charges. I guess we are never going to return to the days of growth and Frank has a couple of hundred dollars budgeted for connection fees. It is a much different environment now and I think the real good news is how you control expenses. You paid off one bond issue which is super good news too. The only problem is you have future capital needs that we have to start to bring back in already. But it is a very unusual situation and if it wasn't for your expense decrease boy you'd really be in tough shape. Because when your revenues are going down instead of up that is the only place to go is your expenditures. I think Frank has done a good job planning wise and I really think you can't avoid an increase because revenues are going the wrong way also."

Comm. Cartine stated, "Just a comment on our capital spending and the fee for borrowing. As most of us know and if you don't know money has never been any cheaper than it is now and we have an opportunity where we are in this terrific financial shape where we can go out and it is advantageous to us to borrow the money that we need to keep the infrastructure operating properly. Mainly our water system upgrading the infrastructure for our water supply is absolutely essential and the timing is great and I think we are on the right track at this point."

Comm. McBride stated, "I just want to commend Director Planko for his usual thorough and complete job. Thanks Frank."

20.5 Correspondence from Customer, Donna Deloy, 49 Paul Jones Drive - Exempt

Chairman Veni advised, "This item was discussed in exempt."

21. RESOLUTIONS

Director Planko advised, "These resolutions correlate not only to the presentation I gave this evening but to the detailed budget memo sent out to all the commissioners. I think it is a very favorable budget. As a matter of fact this budget came in lower than I anticipated when I did the Five Year Plan last year. I was very pleased with it particularly the storm impact we had and I recommend to the Board they pass both these resolutions."

Mr. Holman added, "Just a reminder on the process. We approve the budget and it then goes to the State for their approval and then it comes back to you for adoption later on."

01-13 2013/2014 Authority Water Budget Resolution for Fiscal Year
From April 1, 2013 to March 31, 2014

Chairman Bottazzi made a motion to adopt Resolution No. 01-13. Seconded by Comm. Buttacavoli.

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni
NAYES: None
ABSTAIN: None

02-13 2013/2014 Authority Sewer Budget Resolution for Fiscal Year
From April 1, 2013 to March 31, 2014

Chairman Bottazzi made a motion to adopt Resolution No. 02-13. Seconded by Comm. Buttacavoli.

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni
NAYES: None
ABSTAIN: None

03-13 A Resolution for the Award of a Fair and Open Agreement with T&M Associates in the amount of \$56,950.00 for Professional Engineering Services for the Design and

Construction Administration Services associated with the Rehabilitation of Eight (8)
Wastewater Pumping Stations Capital Project No. 812003

Director Specht advised, "Immediately following up with Super Storm Sandy the Board authorized me to proceed with the request for proposals for the professional engineering services for the design and construction administration services associated for the Rehabilitation of eight (8) Wastewater Pump stations that were flooded by Super Storm Sandy. Proposals went out to all of our engineers and it is recommended that T&M Associates who is the low bidder on the project for \$56,950.00 be awarded this contract."

Chairman Cartine made a motion to adopt Resolution No. 03-13. Seconded by Comm. Cevasco.

Chairman Veni stated, "Before we go to roll call I just want all the commissioners to know that T&M was the lowest and they were discussed and they can do this work for this amount of money because the next one was about \$114,000."

Comm. Cartine added, "I was amazed to see the difference in the bidding on that particular project."

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni
NAYES: None
ABSTAIN: None

04-13 A Resolution Authorizing Task Order No. 1 Between The Brick Township
Municipal Utilities Authority and Remington & Vernick Engineers for an
Increase in the Contract Amount by \$79,018.00 for Contract No. 711003 –
Generators Replacement at the Water Treatment Plant

Director Specht advised, "This Resolution authorized Task Order No. 1 between the Brick Township Municipal Utilities Authority and Remington & Vernick Engineers for an Increase in the Contract Amount by \$79,018.00 for the preliminary design and construction administration for the replacement for the emergency Generators Replacement at the Water Treatment Plant. I would recommend approval at this time."

Comm. Cevasco asked, "We are increasing that contract by \$79,000?"

Director Specht replied, "We are increasing that contract by \$79,000. They did the preliminary evaluation for \$9,000 and now we are increasing the contract by \$79,000."

Comm. Cevasco asked, "Will there be any selection in the design. Will it be just one design?"

Chairman Veni advised, "No they are going to review each thing and give us some options and then we can select."

Director Specht advised, "It will include natural gas and diesel options."

Chairman Buttacavoli made a motion to adopt Resolution No. 04-13. Seconded by

Comm. Bottazzi

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni
NAYES: None
ABSTAIN: None

05-13 A Resolution Authorizing a Grant Agreement between The Brick Township
Municipal Utilities Authority and the State of New Jersey by and for the Department
of Environmental Protection

Director Maggio advised, "This is our Resolution authorizing the execution of a grant agreement between Brick Utilities and NJDEP. This is for the grant amount of \$700,005 and this is for additional watershed protection work in the Metedeconk River Watershed. Our match is \$41,000 and that is not a monetary match that is a tabulation managing this contract and the money that will go forward."

Chairman Cevasco made a motion to adopt Resolution No. 05-13. Seconded by Comm. Bottazzi

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni
NAYES: None
ABSTAIN: None

06-13 A Resolution Awarding Bid for Water Treatment Chemicals

Director Maggio advised, "This resolution authorized the awarding of bids for Water Treatment Chemicals for one year for fiscal year 13/14 for calcium hydrated lime, liquid chlorine gas, ortho phosphate, lime slurry inhibitor, bioxide liquid and sodium hydroxide. We did request a two year bid for aluminum chlorhydrate and we recommend that awarding of that contract for two years because we do get very favorable prices for aluminum chlorhydrate so I would recommend the two year contract."

Comm. Buttacavoli made a motion to adopt Resolution No. 06-13. Seconded by Comm. Cevasco

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni
NAYES: None
ABSTAIN: None

07-13 A Resolution memorializing the execution of an employment contract for
Joseph Maggio, PE, Director of Water Quality

Comm. Bottazzi made a motion to adopt Resolution No. 07-13 renewing Mr. Maggio's contract and stated, "It has been a great pleasure working with you over the years. I was on the team that hired you and I think that if I did anything good here besides the Reservoir it was hiring you. You do a great job. We are proud of you and I am very happy that we have given you a contract. Seconded by Comm. Cevasco."

AYES: Comm. Cevasco, Cartine, Buttacavoli, Bottazzi, Veni

NAYES: None
ABSTAIN: None

22. PUBLIC DISCUSSION

Chairman Veni stated, "Before we go into public discussion I would like to take this moment to thank all the directors and professionals that have worked with me and supported me for the last two years. All I have to say is thank you very much. At this point I would like to go into public discussion. In order to provide all necessary information to the Authority and to provide sufficient time for members of the public to speak, each member of the public will be limited to five minutes and should provide their name and address."

Councilman Fozman asked, "How long is Joe's contract for?"

Chairman Veni replied, "Five years."

Mrs. Briggs asked, "With Sandy, the damage that she caused and the number of houses that have to be demolished are those people continuing their water and sewer?"

Director Pannucci advised, "Actually I will give you an exact number on that. We have inactivated all 1,460 sewer accounts in the barrier island and we will start billing them again as we receive bills from New Jersey American because they read their meters. As far as the mainland goes we inactivated 160 accounts as of the date of this report."

Mrs. Briggs asked, "What happens with the people that their house is demolished do they ever have to pay a reconnect fee?"

Director Pannucci advised, "Normally they would but they disconnect after a six month period what we will do is have the board vote on them on a case by case basis and just ask to have that reconnection fee waived. We will let the Board take care of that because they are not all going to be coming in at the same time."

Mrs. Briggs continued, "So the connection they will not have to pay?"

Director Pannucci replied, "That would be up to the Board to decide on a case by case basis. We will let the customers send a letter and request that to be waived."

Rich Lau asked, "Is there on going lab work with respect to backing up the Brick Board of Education with the lead in the water in the schools? I know I attended a Board of Education meeting and they mentioned they have their independent people but also they mentioned there might be work done by the MUA."

Chairman Veni replied, "We already did that when the news came out in the newspaper and I spoke to Director Lacey and we recommended that we go out there and be proactive. Director Maggio had his staff go out and got readings. So it is all done. If there is any more that is required we will be more than happy to do some additional testing. We don't have a problem. Before I go into the closing

statement I would like to congratulate and wish the best to our Commissioner Buttacavoli since this is his last meeting and I would like to have everyone rise.”

Comm. Buttacavoli stated, “I would just like to take a minute to thank everyone here that I have worked with over the years. It has been an experience and a pleasure. It has been an honor to serve in an area where we provide I believe the best water in the State of New Jersey. And the people that I have worked with - Executive Director Lacey, Director Specht, Maggio, Pannucci and Planko, our professionals Dasti, Truhan and Frank Holman and Marie who is the backbone of the entire company. I would like to thank my fellow commissioners who have helped me acclimate to this position. I’d like to thank the Council who appointed me and if I could leave with one word because before some time next year when Commissioner Bottazzi leaves his position we should really consider naming the Reservoir the Bottazzi Reservoir.”

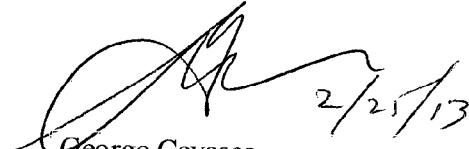
23. CHAIRMAN'S CLOSING STATEMENT

Chairman Veni advised, “The next Public Meeting of the Authority will be the Annual Reorganization Meeting on Friday, February 1, 2013 at 6:00 p.m. The next regular meeting of the Authority will be on Monday, February 25, 2013. All regular public meetings take place in the Main Conference Room of the Authority's Administration Building located at 1551 Highway 88 West.”

24. ADJOURNMENT

There being no further business to discuss, and on motion duly made and seconded the meeting adjourned at 8:05

Respectfully submitted,


George Cevasco
Asst. Secretary/Treasurer

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