

**Minutes of a Meeting of  
The Brick Township Municipal Utilities Authority  
January 27, 2014**

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

**2. OPENING STATEMENT**

Ms. Sylvester 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, 2013 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**

Members Present

George Cevasco  
James Fozman  
Patrick L. Bottazzi  
Joseph M. Veni, PE  
John Ciocco  
Edward J. McBride

Absent

Allan E. Cartine

Also Present

James F. Lacey, Ex. Dir  
Stephen T. Specht, PE, Dir. Engineering  
Joseph Maggio, PE, Dir. Water Quality  
Frank Planko, CFO  
Frank Pannucci, Dir. Customer Accts.  
Marie Sylvester, Exec. Supervisor  
Frank Holman, Auditor  
John Truhan, PE, Consulting Engineer  
Jerry Dasti, Esq., Legal Counsel  
Christopher Dasti, Esq., Legal Counsel

Ms. Sylvester advised that in Chairman Cartine's absence Commissioner McBride has the alternate vote.

**4. EXEMPT SESSION**

*(Personnel, Contracts & Potential Litigation Only)*

Vice Chairman Veni advised, "We are going to go into exempt session so I would ask our attorney to give us the legal words."

Counselor Dasti stated, "We need to go into closed session to discuss personnel, contract litigation and potential contract negotiations and the minutes of the meeting will be held in private until the need for confidentiality no longer exists."

Comm. Fozman made a motion to go into exempt session. Seconded by Comm. Cevalasco

AYES: Commissioners Cevalasco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

Comm. Bottazzi stated, "Can I make a suggestion, since it is not going to be a long meeting how about our audience be given the liberty of waiting in the cafeteria and they can have coffee."

At this point in the meeting, 7:02 p.m. the group entered exempt session.

On motion duly made and seconded and a vote in the majority, the group returned to open session at 7:17 p.m.

Vice Chairman Veni stated, "Because we are going to have a discussion by Director Planko we are going to waive No. 5 and No. 6 tonight and we will go right to approval of minutes."

**5. Directors' Reports Review/ Adoption of Reports**

- a. James F. Lacey, CPWM, Executive Director
- b. Stephen T. Specht, PE, Director of Engineering/Operations
- c. Frank Planko, Chief Financial Officer
- d. Joseph Maggio, PE, Director of Water Quality
- e. Frank Pannucci, Jr., Director of Customer Accounts

**6. Commissioner Committee Reports**

- a. Construction, Buildings & Grounds Committee – *Comm. Fozman*  
& Alternate Water Source/Energy – *Comm. Veni*
- b. Finance Committee – *Comm. Fozman*
- c. Rate Committee – *Comm. Cevalasco*
- d. Reservoir Committee – *Comm. Bottazzi*
- e. Watershed Committee – *Chairman Cartine*
- f. Hazmat & Security Committee – *Chairman Cartine*

**7. APPROVAL OF MINUTES**

December 23, 2013

Comm. Bottazzi made a motion to approve the minutes of the December 23, 2013 meeting.  
Seconded by Comm. Cevalasco

AYES: Commissioners Cevalasco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

**8. CORRESPONDENCE** - None

**10. APPROVAL OF BILL RESOLUTION**

Comm. Bottazzi read the Bill Resolution dated January 27, 2014 in the total amount of \$1,537,725.74 as follows:

Total Operating Vouchers:	\$	321,585.12
Total Payroll:		1,065,539.61
Total Capital Vouchers:		150,601.01
Escrow:		- 0 -
Total Bill Resolution	\$	1,537,725.74

Comm. Bottazzi made a motion to approve the Bill Resolution. Seconded by Comm. Fozman

Comm. Cevalco stated, "I would just like to make one correction the total for payroll was \$1,065,539.61"

AYES: Commissioners Cevalco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

**11. TREASURER'S REPORT - Commissioner Fozman**

Comm. Fozman read the Treasurer's Report balances for the month ending December 31, 2013 as follows:

**Unrestricted Funds:**

Total Revenue Funds:	\$	12,207,444.14
Total General Funds:		3,201,877.02
Total Unrestricted Funds:		15,409,321.16

**Restricted Funds:**

Rate Projection Maintenance Fund:	1,519,375.00
Working Capital Fund:	462,854.21
NJEIT Processing Fund:	3,485,058.82
Total Bond Funds:	8,300,310.79
Total Other Restricted Funds:	1,409,469.14
Total Restricted Funds	15,177,067.96
Total of All Fund Accounts:	30,586,389.12

Comm. Fozman made a motion to approve the Treasurer's Report. Seconded by Comm. Bottazzi

AYES: Commissioners Cevalco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

**11. DEVELOPER APPLICATIONS - NONE**

**12. UNANTICIPATED/EMERGENCY CAPITAL EXPENDITURES - NONE**

**13. CUSTOMER ACCOUNTS RECONCILIATIONS**

- Account 7206005-0, 134 Port Road, Michael Macalister. A one-time water & sewer credit is recommended in the amount of \$833.58 due to a running toilet. Serviceman verified new parts replaced in the toilet and the meter is in proper working order. Average usage is 8,000 gallons and the quarter in question rose to 140,000 gallons.

Director Pannucci stated, "First of all I have to thank the Board for waiving that for 2013 to help us handle the reconciliations after Hurricane Sandy, but tonight there is just one Acct. No. Account 7206005-0, 134 Port Road, Michael Macalister. This is a one-time water & sewer credit recommended in the amount of \$833.58. The average usage is 8,000 gallons and the quarter in question rose to 140,000 gallons."

Comm. Cevalco made a motion to approve this action. Seconded by Comm. Fozman

AYES: Commissioners Cevalco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

**14. CONTRACT CLOSE-OUTS**

- a. Contract Close-Out with National Water Main Cleaning Company, Inc. for Contract No. 897087L – Sanitary Sewer Rehabilitation – Phase VII; N.J. Environmental Infrastructure Financing Program Project No. S340448-06; Contract 4A (Reduction in Retainage from 2% to 0%)

Director Specht advised, "This is the contract close out with National Water Main Cleaning Company, Inc. for Contract No. 897087L – Sanitary Sewer Rehabilitation – Phase VII; N.J. Environmental Infrastructure Financing Program Project No. S340448-06; Contract 4A. The contractor National Water Main has submitted all the appropriate close out documentation and I recommend that the Board approve the project close out which includes a reduction in retainage from 2% to 0%. I recommend approval."

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

AYES: Commissioners Cevalco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

**15. AUTHORIZATION TO EXPEND APPROVED FUNDS**

**16. AUTHORIZATION TO SEND OUT BIDS, RFQ'S & RFP'S**

a. Authorization to Advertise Bid for Road Patch Materials

Director Planko advised, "This is authorization to advertise our bid for road patch materials. We have seven items just as we did last year. Last year we received seven responses and we choose five vendors. We intend to advertise on January 30<sup>th</sup> with a return of February 11<sup>th</sup> and bring the results before the Finance and Construction Committee and have the resolution for next month."

b. Authorization to go out to bid to purchase equipment associated with the Expansion of the Mobile GIS Program

Director Specht advised, "This is for authorization to obtain bids to purchase additional equipment for our mobile GIS program. Recently through the GIS Department we handed out an iPad that was used by our distribution crew for mark outs and leak detection. It was very successful with the documentation that is now loaded on these iPads and I am now looking to outfit all of my Distribution crews with iPads into the future. Approximate total cost, again we have to receive bids for the equipment, I think we want to buy seven more iPads. We are looking to spend \$7,000 to \$10,000. I am looking for approval from the Board."

Vice Chairman Veni stated, "So we are talking about \$1,000 a piece."

Director Specht replied, "About \$1,150 per iPad."

Comm. Fozman asked, "And how will this save us in time. It j just directly goes in once you come back in with your iPad?"

Director Specht advised, "It will upload everyday and it is all going to be wireless."

Comm. Fozman asked, "So when a guy goes out there and puts it on the iPad and let's say he registers and it says everything is ok or whatever or there is something wrong out there he can just put it on the iPad and come up with the..."

Director Specht advised, "We are eventually going to get to that point. Right now what it is for is all the information that we require out in the field. Our distribution maps, our collections maps, our coordinates for our facilities all that will be at their fingertips. Now they have to run through stacks and stacks of maps to get this information."

Vice Chairman Veni stated, "A question came up - can you get these iPads through State Contract?"

Director Specht replied, "We will look at State contract but a lot of times it cost a little more. But we will take a look at that."

Comm. Cevalco asked, "What are we buying with these iPads that make them that expensive?"

Director Specht asked, "What is the package?"

Comm. Cevalasco asked, "Is it the software?"

Director Specht replied, "They are \$1,150.00 per unit."

Comm. Cevalasco asked, "Which model are we buying? Because that seems a little steep."

Director Specht replied, "I don't have that information. That is the number when we bought the previous ones. It was iPads and accessories: I don't have the information what is on those iPads, but it is required for all our GIS equipment and information on there. "

Comm. Cevalasco asked, "It's not an iPad that is specially built?"

Director Specht advised, "It is a little more rugged than your standard iPad because you take it out in the field. I can get you the model number if you want it. I haven't gone out to bid yet I can get you all that information."

Comm. Cevalasco asked, "You going to get the one with the next display that they call it. It's like an HD display. The display is a lot crisper. The retina display. It is easier to see in bright lights and the older ones are not blurry, but it is the difference between a standard display and an HD display. It is apple's way of and the display is a lot clearer."

c. Authorization to Solicit Bids Fiscal Year 14/15 Chemical Purchases

Director Maggio advised, "We are requesting authorization to advertise bids for our Annual Treatment Process chemical supplies for 14/15."

Comm. Cevalasco made a motion to approve 16a, b & c. Seconded by Comm. Fozman

AYES: Commissioners Cevalasco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

**17. ADOPTION OF PERSONNEL ACTIONS**

Comm. McBride made a motion to adopt the Personnel Actions. Seconded by Comm. Cevalasco

AYES: Commissioners Cevalasco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

**18. OLD BUSINESS**

Vice Chairman Veni stated, "I think this is apropos to bring up at this point. I think Mr. Bottazzi as he was serving you coffee and cake in the lunch area that this is his last meeting after 20 years of service with the MUA. I guess you have heard the expression there are three sides to a coin and the first side is I am very pleased to be here in this position tonight to give farewell to Commissioner Bottazzi. The other side of the coin is I am kind of sad because he taught me a lot the last ten years that I have been here. The third side is that all the commissioners and the people are very happy to know him to be

with him and I think you all have respect for him. They gave me a bio for Commissioner Bottazzi but I think it is outdated so I am just going to basically tell you that he's been here twenty years and he has been Chairman three consecutive times. But I taught him a lot especially in hunting. Our last hunting trip in fact I can tell you this we are definitely going to sit together and write our memoirs about hunting. We have had experience after experience after experience. Our last experience was him being hard headed as he usually is. I told him do not get out of my truck because there was ice on the road. No he wouldn't listen. He got out and fell. How's your headaches?"

Comm. Bottazzi stated, "Tell them why I went out?"

Vice Chairman Veni rejoined, "It doesn't matter. I told you not to get out."

Comm. Bottazzi stated, "Was there not a car down the hill that's lights were blinking and I was concerned that maybe someone was hurt in the car and as a good boy scout I went down and fell and split my head open and the people were healthier than I was in the car. Go ahead. He's on a warm up."

Vice Chairman Veni stated, "No. I don't want to tell them anymore, but it is true that Pat and I have known each other since 91 and we have been hunting partners I am going to say about 16 years now."

Comm. Bottazzi stated, "And I never once let him stand behind me."

Vice Chairman Veni stated, "Well being you brought that up - I learned a lesson not to be in front of him because we were hunting up in Stokes Forest and this guy goes and trips and falls down with his shot gun right in front of me. Do you remember that one? So now we walk side by side. But Pat we do have a plaque commemorating your 20 years of service."

A round of applause for Commissioner Bottazzi.

Vice Chairman Veni asked if any of the other commissioners would like to say something before he gives Comm. Bottazzi the floor.

Comm. McBride stated, "Pat all the best to you in your retirement and live a long and happy life."

Comm. Bottazzi stated, "Come on George I want to hear something from you."

Comm. Cevasco stated, "I been thinking. I'm trying to think of something nice to say."

Comm. Bottazzi stated, "First of all let me just say I am overwhelmed with the beautiful plaque. I would have felt better if Joe Veni bought it all by himself because he lies about me with my gun falling into the water and so forth but anyway to be serious. I love the MUA. If someone says something bad about the MUA or its employees it's like they are talking about my kids. I feel bad. The people are all great. I am very proud of the fact that I look around and I see so many people that I have known that I had a yes vote when they got hired and that makes me very happy that there are so many good employees here. The MUA has always been my everything. I thought of it not as my business, but a thing that they gave me the opportunity be part of and help in the operation. We did a lot of great things here. I mean look what we have done. Different townships we serve. We made some good money with

them we bought a water company and never got mad at Frank or Frank Holman because they gave us the numbers and said buy it and we bought the other water companies. We did very well. This water company and you employees are a part of it. We are looked at and talked about by other water companies who say wow they wish they were as hot and as sharp as we are. And so I'll be around. I'm going to be looking for a free cup of coffee and I just wish everyone here good luck and keep doing a good job."

*A Round of Applause.*

Vice Chairman Veni stated, "Comm. Ciocco. I will read his bio because I don't know much about John except that we are friends and we worked together on a couple of projects. John was appointed to The Brick Township Municipal Utilities Authority in February of 2008. He currently serves on the Finance Committee, the Watershed Committee and as a liaison to the Hazmat Committee. John is currently an Operations and Customer Service Manager for Continental Stock Transfer & Trust Company in New York City. John has been working in the securities processing industry since 1992. In addition to his current position at Continental Stock Transfer, John has also held positions in Project Management, Employee Plan Administration, Client Account Administration and Shareholder Relations for the industries prominent large and midsize securities processing firms The Bank of New York, Computershare Ltd. and American Stock Transfer and Trust Co. He holds a New Jersey Real Estate License and is a member of the National Association of Realtors and the Ocean & Monmouth County Board of Realtors. Commissioner Ciocco was born and raised in Staten Island, NY. Following graduation from Monsignor Farrell High School, he attended St. John's University in New York. He holds an MBA in Executive Management as well as a BA in History. John and his wife Maggie, who has been a resident of Brick since 1970, were married in 1996 and have two children. Commissioner Ciocco has served the community in various positions. He has served, on the County Committee, first being elected in 2000. He was appointed to the Housing Authority of the Township of Brick in March of 2006 and received his Certification as a Commissioner of Housing from Rutgers University College of Government Policy. Since 1999, John has been a member of the Brick Morning Rotary Club and has served in various positions on the Executive Board and also as a Director. And John I would like to present you with a plaque that I personally picked out."

Comm. Cevalasco stated, "Congratulations John and it has been a pleasure serving with you."

Bottazzi stated, "Likewise John."

Comm. Ciocco stated, "Thank you for the kind words and for the beautiful plaque. I wanted to say it has been an honor. I certainly don't have the years here that Pat has but I did learn a lot from Pat and Joe and Al and Ed and you guys have been here a couple of years too, George and Jim, but again I have been proud to be a commissioner at this utility. To work with employees and the directors, you guys do a great job and we are well recognized all over New Jersey as a fine operation. We have expanded a great deal while I have been here and I have been proud to serve as a commissioner and assist and basically to work with everybody. It has been a great six years and I hope someday to be back."

*A Round of Applause.*

**19. NEW BUSINESS**



## **19.1 Requests to Utilize Reservoir**

- a. I Heart Mustangs 5k Run/Walk – David Betten, OBO The Brick Memorial Football and Cheer Association. Saturday, June 7, 2014, 9:00 a.m. Approximately 100 participants. This is the first event for this organization.

Director Lacey stated, “We have a request to utilize the Reservoir by I Heart Mustangs for 5K Run/Walk applied by David Betten and he is the Brick Memorial Football and Cheer Association and they are requesting it for Saturday June 7, 2014 at 9:00 a.m. and they expect approximately 100 people and this is the first time for this event and I recommend it be approved.”

Vice Chairman Veni stated, “I have a question for Director Planko, how many times do you have to run around the Reservoir to make 5K?”

Director Planko replied, “Well it is 1.6 miles around so if you do two laps you accomplish a little bit more than a 5K.”

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

AYES: Commissioners Cevasco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

## **19.2 2014/2015 Budget Review**

Director Planko presented a PowerPoint presentation that is attached to these minutes and made a part of these minutes as follows. “I circulated the budget memo. I sent it to all the Board members and Department Heads. I reviewed the budget memo both with the Finance Committee and the Auditor. This is the agenda of the items I want to go over. First I want to talk about our budget and planning over the next several months. Some key issues that have impacted our budget. I want to talk about both our operating expenses and income. This current year that we are in is our 13/14 amended budget versus our upcoming 14/15 budget. I will talk about our five year capital plan which is fairly aggressive and finally we will close out I want to talk about our prior year rate performance. First item I have on the overview issues is as we know in the current year that we are in 13/14 we had no rate increase now for the second year the upcoming budget in 1415. We are not going to have no rate increase again for our annual service charges. The next item I have here is no subsidization between budgets. What we basically do and as everyone knows we have two separate and distinct budgets. We have a water budget and we have a sewer budget and basically both of those budgets are balanced on their own accord. The revenues are equal to the expense on the waters and the same on the sewer side. In other words there is no subsidization because we are not over recovering one budget in order to compensate for under recovery on another budget. So when they are both balanced and one is not in a negative position and one in a positive position that means there is no subsidization. By the same token when you know the revenues are equal to the expenses for both the water and sewer budget that means obviously that we have a balanced budget because our revenues aren’t exceeding our expenses which means we have no rate of return. We are not over recovering on our budget. Now in some cases that does happen as an example with your public utilities. They are allowed a rate of return on their assets because they have to show a profit. They have to show a net income. They have to have earnings per share in order to declare dividends and attract investors. But our budget is balanced and if it is balanced there is no subsidization

and there is no rate of return.”

“The next question somebody might ask is well this is the second year that we had flat rates and what would be the main reasons why we have those flat rates. First reason for that would be debt service. We had a series 2002 and we refinanced that issue in two pieces in 2006 and 2011. There is one payment that remains and we made it in fiscal 12/13. After we made that payment we saw our debt service drop \$1 million. The second reason is simply cost control. When I talked about cost control we can take a look at our last three budgets are in a reasonable range between \$26 million to \$26.7 million. There is very little change between our last three budget years. So those are the two key reasons for flat rates. Decrease in debt service and cost control over the last few budget years. Debt, new financing and notes. We talked about this over the last few months. As we know we made an application to the Finance Board for up to \$14 million although we don’t anticipate using all that money. We hope to use that in two different draws. One in probably March and the other one further down the road as needed. That is on the consent agenda for the Local Finance Board in February and I anticipate our first draw on those new notes in March. Now these notes are called BANS – Bond Anticipation Notes. They are short term notes which you accumulate and they go long term once you have them you can convert them over to revenue bonds. Five year capital plan includes \$34.2 million in expenditures. It is fairly aggressive and I will talk to the Board about that in a few minutes.”

“As I mentioned we are going to talk about the expense side and the income side. Let’s talk about the expense side first here. We have debt service relatively flat. We see a slight increase and that has to do with the interest expense that I estimated on the notes that we are going to be having for the BANS. So we see a slight increase. As I mentioned the year before when we made that final on the Series 2002 notes our debt service was \$10 million. We made that payment and we saw that million drop in our debt service. I mentioned earlier we had the Series 2006 and the Series 2011 which were refinancing of existing bonds. Those two issues together are saving us approximately \$330,000. And that is not all together that is per year. As an example if we didn’t have them our debt service in our current year would be \$9.4 million so we had significant savings from those two debt service refinancing that we had in 2006 and 2011. Sewer treatment relatively flat. I figured in a few dollars just in case OCUA raises their rates. I put in an extra few dollars and this is estimated on 1.9 billion gallons flow to the OCUA. Payroll and fringes - we see a very small increase here of about \$200,000 plus. We have a lot of positive things going on over there. First thing that we have is NVA – Nation Vision Administrators. We have an agreement with NVA for our vision coverage at no cost increase for 2017. We also have Lincoln Financial. Long Term disability. We have an agreement with them at no cost increase until December 31,2015. We have an agreement with Delta that will be expiring in March 31<sup>st</sup> of this year. I have already been talking to them about a new agreement. They already mentioned a one year agreement with no cost. I am trying to get a two year agreement with no cost increase to 2016. I think we are going to be successful in doing so. A couple of other items regarding payroll and fringes. About four or five years ago we started the opt out program for benefits. Where the employee can opt out and get the payment of \$5,000. I believe now we have 11 participants in that plan and that is saving us \$107,000 a year. We also have in full swing the employee contributions toward the benefits. I estimate the contributions will be \$265,000 for this year. I don’t remember if it was at the last meeting or the meeting before one of the employees asked about those employee contributions and I explained on that. Those savings flow right to the bottom line as a benefit to the rate payer. They are not dollars that we put in a bank account or anything. They flow right through to the bottom line and they benefit our rate payers. The final item we have is we see a \$200,000 decrease in other expenses. These other expenses are basically the day to day expenses needed to run the Authority. Your grounds care, your chemicals, your repairs, fuels and so forth. The key reason we see that \$200,000 decrease is we have a \$100,000

decrease for chemical usage and we have some other cuts including professional fees and so forth. The budget is balanced at \$35.1 million. This is only a \$67,000 increase between these two years.”

“Let’s take a look at the income side. Annual service charges are \$33.3 million. Comm. Bottazzi just pointed out a few important facts. Included in this number we have \$1.3 million in bulk sales. Which Comm. Bottazzi just mentioned. Each time we talk about this I talk about the importance of those bulk sales and how it impacts the Authority. If we didn’t have those bulk sales we would have to compensate by raising our water rates by 9% to compensate for those last revenues. Comm. Bottazzi also mentioned that we acquired a small water company that was back in 2008. So a lot of the new commissioners wouldn’t be aware of that by the name of Parkway Water Company. We paid \$3.6 million for Parkway Water company five years ago. Right now this same number I am estimating a million dollars plus from what we now call the Parkways Service Territory. We can see what an important investment that was to the Authority. We paid \$3.6 and we are making revenues of over \$1 million per year. The other items here are pretty straight forward. No increase for two years. We see a slight increase on initial service charges based on the engineering estimate. Interest is flat. There was a time when we were making seven figures on interest on investment at that time the rate was close to 10%. Other income , \$1.1 million. I guess the couple of biggest items that we have in there are our cell tower revenues for about \$360,000. We have lab fees at \$125,000 and that also includes other misc. revenues like we have inspection fees and permits in there. We have GIS revenues in there and so forth. Again when we talk about a balanced budget we see \$35.1 so that our income matches our expenses.”

“Capital. We mentioned we have a fairly aggressive capital at \$34.2 million. And this is the breakdown that we see by year. These out years here of \$19.5 that you see here that is going to be completely new financing. It is going to be financed it its entirety and I am going to talk a little bit about borrowing and financing in a minute.”

“So we talked on the earlier slide of the breakdown of \$34.2 million by year and here we are breaking it out by function. \$8.2 million for water quality and water treatment plant that includes infrastructure and hypo chlorate so that is primarily what this is made of. The other items that you see with the asterisk that is all engineering field operations related.”

Vice Chairman Veni asked, “Frank are all those items five years?”

Director Planko replied, “Over five years that is correct and this comes to roughly \$20 plus. Down here we have \$3.1 million for executive transportation, most of that money is right here over \$2 million which includes two new jet vacs that the Commissioner authorized to be included in that number and the Parkway Service Territory would be another.”

“Finally we know what years we are going to spend the money and we know basically what the functional groups are and here we talk about the funding. We have a few dollars more we are going to spend on NJEIT 2002 which Director Specht is going to be closing out shortly. We have grant funding here which is primarily the Watershed Grant. We have some FEMA potential. I already talked about the bonds and the rest is potential future borrowing so you cans see a significant amount of money over the next five years relates to borrowing. But there is a positive view to it and I am going to explain why. Just as I mentioned with the Series 2020 we made that final payment and our debt service dropped. We are going to be in the same circumstance over the next few years. Each year we are going to see some slight reduction in our debt service. So as we see those reductions in that debt service we kind of fill in the blanks adding on new debt service and borrowing. So you don’t have that spike in your debt service

which in effect would spike your rates. And we can accomplish that through several ways. We can do it through the notes as we talked about before as we are going to do next month, revenue bonds, and if needed we can forego some of that debt service from being tacked onto our rates by using other means such as capitalized interest.”

Vice Chairman Veni asked, “The potential future borrowing is that a guesstimate or you have some information?”

Director Planko replied, “Well this is an estimate commissioner because this is basically what we need if we are going to achieve the \$34.2 million so that is basically the balance that I mentioned on the two previous slides.”

Vice Chairman Veni asked, “So there is a potential that we wouldn’t spend that much.”

Planko replied, “There is a potential and naturally if the Board decides we don’t need all those projects. Things change over five years, but if we assume we are going to complete that capital forecast in it’s entirely we would need an additional \$16.8 on top of the notes.”

Comm. Bottazzi asked, “Those projects low interest or no interest?”

Director Planko stated, “This is low interest or NJEIP. This is free money 0 grants. FEMA Potential is Free. We anticipate these BANS coming in at less than 1%. They are going to be competitive. We are going to go out to various banks and take a competitive approach. I am hoping they will come in at less than 1% which is the better approach of revenue bonds w hich we probably have to go out and get at 4%. So I think we are taking the better alternative. This is going to be hard to say Commissioner because that is going to be some time out especially if we get BANS and roll them over into Revenue Bonds at a later time.”

Comm. Bottazzi asked, “Are we held to one particular purchase or activity with the money by the loaner?”

Director Planko replied, “The local Finance Board when we go for these notes. They ask for specific line items. I will prepare a specific report of what we anticipate to use the money for, but there is some flexibility there. They understand it can’t go penny for penny on what you are putting in for.”

Vice Chairman Veni stated, “Frank just so you know you have 45 seconds left.”

Director Planko replied, “That is all I need. And here is the five year rate history. We can see 4.3, 3.9, 3.9 no rate increase in the last two years and even before this five year history when you look back. Pat Bottazzi mentioned we purchased Parkway water company for \$3.6 million. We built a Reservoir over \$30 million and never once in our history have our rates been in the double digits. So in closing I just want to mention Resolutions 01-14 and 02-14 that are on the agenda tonight. They correlate to this presentation. They also correlate to the budget memo that I circulated and those resolutions will be going out to the Local Finance Board tomorrow because they are due by Feb. 1<sup>st</sup>.”

Frank Holman added, “A no increase point that Frank has there. I think Frank has done a great job with the plan and the Finance Committee has been reviewing it. We don’t know what our potential loss is yet because our fiscal year ends in March, but you have to put your budget together for next year

now. But you can't raise rates and then go to FEMA and seek the Community Disaster Loan money so this plan works out well with what we have done with FEMA so far. If you in fact sustain that loss you will be able to draw down on that CDL loan hopefully it will be granted one day, but certainly you wouldn't be in a position to do that if you raised rates to recover that loss. I think that this plan fits well with what we have done with FEMA So far."

Comm. Bottazzi stated, "I just want to make one comment here. Yes I did see these different projects and opportunities there but I did not make any moves without Jerry Dasti's help and his legal mind, Frank Planko and Frank Holman looking at things from all different angles and approving it. So yes maybe I was the bird dog that saw it but they were the ones that shot it and got it the right way. It was a win win."

Comm. Fozman stated, "Very nice, Frank, Very good presentation."

## **20. RESOLUTIONS**

Director Planko advised, "Resolutions 01-14 and 02-14 Mr. Chairman are for the budget presentation I just did. My memorandum dated December 30 and I am recommending that the Board pass those so we can forward them on to the Local Finance Board for Approval."

01-14            Approval of 2014/2015 Authority Budget Resolution - Water

Comm. Bottazzi made a motion to adopt Resolution No. 01-14. Seconded by Comm. Fozman

AYES:            Commissioners Cevalco, Fozman, Bottazzi, McBride, Veni  
NAYS:            None  
ABSTAIN:        None

02-14            Approval of 2014/2015 Authority Budget Resolution - Sewer

Comm. Bottazzi made a motion to adopt Resolution No. 02-14. Seconded by Comm. Cevalco

AYES:            Commissioners Cevalco, Fozman, Bottazzi, McBride, Veni  
NAYS:            None  
ABSTAIN:        None

03-14            Electric Supply Service

Director Planko advised, "The Board gave me permission last month to go out to bid our electric supply. Our current contract with Hess expires with our meter read February 2014. The current rate is 7.25 per kilowatt. We only received two bids which was a little bit of a disappointment. We got one from Hess at 8.742 and the winner was Plymouth Rock Energy at 8.51. I was hoping to get a little bit better rate but I was still satisfied with this considering back in 2011/2012 we were paying 9.65 when we were with the Ocean County Coop. I was hoping to do a bit better but I am satisfied with the return."

Vice Chairman Veni stated, "Ocean County because I am doing that Alternate Energy we are almost at 8 cents."

Comm. McBride made a motion to adopt Resolution No. 03-14. Seconded by Comm. Cevalasco

AYES: Commissioners Cevalasco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

04-14 A Resolution Authorizing the Final Quantities Change Order/Change Order No. 1 in the Contract between the Brick Utilities and A.C. Schultes, Inc. for a Decrease in the Contract Amount by \$26,655.00 for Contract No. 712001 – Redevelopment of Well No. 12

Director Specht advised, “This Resolution is for the authorization of Final Quantities Change Order No. 1 in the Contract between the Brick Utilities and A.C. Schultes, Inc. for a Decrease in the Contract Amount by \$26,655.00 for Contract No. 712001 the Redevelopment of Well No. 12 and I recommend approval by the Board.”

Comm. Cevalasco made a motion to adopt Resolution No. 04-14. Seconded by Comm. Fozman

AYES: Commissioners Cevalasco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

05-14 A Resolution Authorizing Change Order No. 1 for a Decrease in the Total Contract Amount of \$1,250.00 and a 165 Calendar Day No Cost Time Extension to Brick Town Electrical Contractors, LLC for Contract No. 809001 – Natural Gas Powered Generator Replacements – Phase I for Four Wastewater Pump Stations

Director Specht advised, “Resolution Authorizing Change Order No. 1 for a Decrease in the Total Contract Amount of \$1,250.00 and a 165 Calendar Day No Cost Time Extension to Brick Town Electrical Contractors, LLC for Contract No. 809001 – Natural Gas Powered Generator Replacements – Phase I for Four Wastewater Pump Stations. I recommend approval on this.”

Comm. Cevalasco made a motion to adopt Resolution No. 01-14. Seconded by Comm. Fozman

AYES: Commissioners Cevalasco, Fozman, Bottazzi, McBride, Veni  
NAYS: None  
ABSTAIN: None

## **21. PUBLIC DISCUSSION**

Vice Chairman Veni advised, “At this time I will open up the meeting for public discussion. Please raise your hand and state your name and address.”

Ms. Sharon Eastwick, Business Representative, Local 32, “I just want to thank Pat for the support he has shown for the many years I have been here. He has always had kind words about the employees and I think they recognize that and we are going to miss you but you can come and sit with us. And I wish you health, lots of luck and a lot of happiness.”

Comm. Bottazzi thanks Ms. Eastwick for her kind comments.

## **22. COMMENTS FROM COMMISSIONERS, PROFESSIONALS & STAFF**

Vice Chairman Veni stated "I am going to go to comments from the Commissioners and professionals, but before I do I would just like to read something from Chairman Cartine. In his absence tonight he has asked me to thank the professionals for an outstanding job throughout the year. He thanks the directors for their service and indicates that they are really what holds this Authority together since they are here overseeing the day to day operations. Congratulations Directors. He sends his most sincere thanks to Commissioner Bottazzi and Ciocco for their time and efforts in working on the various committees and always making the Authority a priority. With that I will start with Director Pannucci and we will go counter-clockwise."

Director Pannucci stated, "Thank you Commissioner Bottazzi for all your service and Commissioner Ciocco and being that it is the first meeting of the new year Happy New Year everybody!"

Mr. Truhan stated, "Just to repeat those sentiments I enjoyed working with Pat and John and the best of everything to you too."

Director Planko stated, "I just want to wish Pat good luck. He is the last member of the Board that was here when I was hired and we had some great 17 years together and have done a lot of great things so I just want to wish him the best of luck and John as well who worked on the Rate Committee with me."

Mr. Holman stated, "Same thing. It is a good shop here and those hunting tales are true. It's been a pleasure. Good luck to every body."

Director Maggio stated, "Commissioner Bottazzi you were Chairman when I first came on and the staff really appreciates everything you've done. Comm. Ciocco has also been very involved especially with a lot of our watershed work and we wish you the best of luck."

Director Specht stated, "It was a pleasure to serve under you and I remember 14 years ago when you did hire me we didn't know each other and it was a tough interview and I'm surprised I got the job! But I thank you for that and John thank you for your service also. You are truly going to be missed Mr. Chairman we did a lot together especially with that Reservoir that we built, the jewel of Brick Township."

Chris Dasti stated, "Pat and John Congratulations, good luck and I can tell Pat that I've heard lots of good things about him from my father over the years none of which I can repeat in open session, all the best."

Jerry Dasti stated, "Pat I have always followed your advice except for one time. Remember a couple of years ago we happened to be at the racetrack and you told me to pick a trifecta and I didn't and Pat put \$2 on it and do you remember how much you won? About \$1,5000. So I appreciate both of you guys so good luck and god speed. And thanks to the Authority for the last year I really appreciate it."

Ms. Sylvester stated, "Christmas parties will not be the same without you. Good luck to the both of you."

Director Lacey stated, "Chairman of the Board, Boss it's been great working for you and I know you've had some good accomplishments since I've been here with Parkway Water and certainly bringing Lakewood on Board. I know that it was key to you and I wish you all the luck. Hope to see you on the road, John same to you, you've been a gentleman over the years. It's been great working for you and I wish you luck."

Comm. McBride stated, "John I'm sure we will be seeing bigger and better things from you in the future. No doubt in my mind. Most people don't know Pat and I live right across from each other on a lagoon so every morning when my little dogs are out in the yard barking I hear Pat saying shut those dogs up... So Pat I'll see you tomorrow morning. It's really not true but we do live across from each other."

Comm. Cevalasco stated, "I would just like to say I've known Pat what year and a half, two years, something like that right?"

Comm. Bottazzi stated, "You're burnt out too." (Laughter)

Comm. Cevalasco stated, "John it's been a pleasure, it's been fun I love to harass Chairman Bottazzi..."

Comm. Bottazzi stated, "How far back do we go George? I knew you before you were the big shot in town hall you know. We have always enjoyed having a good relationship although we are from different parties we have mutual friends. Parties never meant anything to me. I like George if he was a Democrat Republican or independent. We have worked together and it has always been a pleasure. He ran the Town hall and he always had my respect for that. He did a great job."

Comm. Fozman stated, "Pat and John good luck in your future endeavors it was great working with you for at least a year and good luck"

Comm. Ciocco stated, "Well I said everything before but again thanks very much. It has been great working with you guys. It has been an honor. The Authority is very well run and the employees are excellent and it has been a great few years. I have really enjoyed it."

Vice Chairman Veni stated, "Well Patrick I am going to miss you. We will go out to dinner and I'll let you pay this time. Thank you all for coming."

## **23. CLOSING STATEMENT**

Ms. Sylvester advised, *The next Public Meeting of the Authority will be the Annual Reorganization Meeting on Monday, February 3, 2014 at 9:00 a.m. The next Regular Public Meeting will occur on Monday, February 24, 2014. All regular public meetings begin at 7:00 p.m. in the Main Conference Room of the Authority's Administration Building located at 1551 Highway 88 West.*

## **24. ADJOURNMENT**



On motion duly made and seconded the meeting adjourned at 8:29 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'George Cevasco', written over a horizontal line.

George Cevasco, Asst. Secretary/Treasurer  
/mas

# Brick Township Municipal Utilities Authority



2014/2015 Budget Overview

January 27, 2014



# **Agenda**

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- Budget and Planning Horizon Overview
- Operating Expenses - Comparison Between Budget Years
- Operating Income – Comparison Between Budget Years
- Five Year Capital Plan and Funding
- Rate Performance

# Overview Issues

- No rate increase in Fiscal 2014/2015 for the second consecutive fiscal year.
- No Subsidization between budgets.
- Balanced Budget – No Rate of Return.
- Reasons for flat rates.
- Debt – New Financing – Notes 2014
- Five year capital plan includes \$34.2 million in expenditures.

# Operating Expense

## Comparisons:

### ■ 13/14 Amended:

- \$9.0M Debt Service
- \$7.6M Sewer Treatment
- \$13.9M Pay. & Fr.
- \$4.5M Other
  
- \$35.0M - Total

### ■ 14/15 Budget:

- \$9.1M Debt Service
- \$7.6M Sewer Treatment
- \$14.1M Pay. & Fr.
- \$4.3M Other
  
- \$35.1M – Total





# **Income Comparisons:**

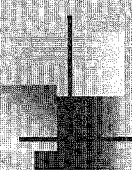
## ■ **13/14 Amended:**

- \$32.9M A.S.C.
- No Rate Increase
- \$208K Init. Serv. Cg.
- \$133K Interest – Inv.
- \$1.0M - Other
- \$757K Rate Maint.
  
- \$35.0 M - Total

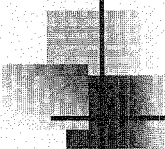
## ■ **14/15 Budget:**

- \$33.3M A.S.C.
- No Rate Increase
- \$556K Init. Serv. Cg.
- \$101K Interest – Inv.
- \$1.1M Other
- No Rate Maint.
  
- \$35.1M - Total

# Capital – Five Year Spending

- 
- \$6.3 million 13/14 latest estimate
  - \$8.4 million 14/15 Budget
  - \$8.3 million 15/16 Outlook
  - \$9.2 million 16/17 Outlook
  - \$2.0 million 17/18 Outlook
  
  - \$34.2 million 5 Year Capital Forecast

# Five Year Capital By Function

- 
- \$8.2 million
  - \$6.2 million
  - \$3.0 million
  - \$4.9 million
  - \$3.9 million
  - \$0.6 million
  - \$1.7 million
  - \$3.1 million
  - \$2.6 million
  
  - \$34.2 million
- |                            |
|----------------------------|
| Water Quality / WTP        |
| Water Mains / Distribution |
| Well #15 (ASR Replacement) |
| Generators / Gensets       |
| Pump Station Upgrades      |
| S.R.&R – incl. Barrier Is. |
| Other Engineering / F.O.   |
| E.D. – Trans, Bldgs, etc.  |
| P.S.T. / Other             |
- 5 Year Capital Forecast



# Capital – Five Year Funding

- \$0.3M NJEIT 2002
- \$1.3M Grant Funding
- \$1.8M FEMA Potential
- \$14.0M BAN's 2014 \*
- \$16.8M Potential Future Borrowing
- \$34.2M Total – Five Year Capital Plan

- \* Bond Anticipation Notes not to exceed \$14 million. Also includes \$704K from fiscal 12/13.



## Rates – Five Year History

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- April, 2010 – 4.3%
- April, 2011 – 3.9%
- April, 2012 – 3.9%
- April, 2013 – No Rate Increase
- April, 2014 – No Rate Increase