

BORDENTOWN SEWERAGE AUTHORITY
MEETING MINUTES
July 17, 2017

The meeting was called to order by Chairwoman, M. Ellen Gulbinsky at 6:00 p.m. and led a salute to the flag in the Conference Room of the Authority located at 954 Farnsworth Avenue, Bordentown, New Jersey.

In compliance with the Open Public Meetings Act, adequate notice of this meeting was provided in the following manner:

- a. Posting written notice on the Official Bulletin Board of the Bordentown Sewerage Authority on February 24, 2017,
- b. Mailing written notice to THE TIMES and BURLINGTON COUNTY TIMES on February 24, 2017; and
- c. Filing written notice with the Clerks of the City of Bordentown and Township of Bordentown and mailing written notice to all persons who requested and paid for same on February 24, 2017.

The following persons were in attendance: Board Members M. Ellen Gulbinsky, James E. Lynch, Jr., Joseph R. Malone III, Leonard J. de Groot, and Aneka Miller. Also in attendance were: Executive Director Richard D. Eustace, Administrative Manager Elizabeth J. Kwelty, the Authority's Solicitor Thomas J. Coleman, III, the Authority's Engineer Richard B. Czekanski, and the Authority's Auditor Michael Holt. Absent was Zigmont F. Targonski.

RATE HEARING

On motion by de Groot, seconded by Malone, it was moved to adopt Resolution 2017-058 approving the proposed amendments to the rate schedule effective January 1, 2018.

Testimony was presented and the transcript is attached to these minutes and made a part thereof.

Recorded vote:

Ayes:	Gulbinsky, Lynch, Malone, de Groot, Miller
Nays:	None
Abstained:	None
Absent:	Targonski

On motion by Lynch, seconded by Malone, it was moved to approve the minutes of the June 19, 2017 meeting.

No discussion on the minutes.

Recorded vote:

Ayes:	Gulbinsky, Lynch, Malone, de Groot, Miller
Nays:	None
Abstained:	None
Absent:	Targonski

On motion by de Groot, seconded by Malone, it was moved to adopt Resolution 2017-059, approving the July payment of bills from the Operating Fund in the amount of \$218,655.30 of which \$103,792.19 is a payroll transfer, and \$24,140.57 is a capital expense.

No discussion on this Resolution.

Recorded vote:

Ayes:	Gulbinsky, Lynch, Malone, de Groot, Miller
Nays:	None
Abstained:	None
Absent:	Targonski

On motion by de Groot, seconded by Lynch, it was moved to adopt Resolution 2017-060, approving the payment of July bills from the Escrow Fund in the amount of \$5,466.25.

No discussion on this Resolution.

Recorded vote:

Ayes:	Gulbinsky, Lynch, Malone, de Groot, Miller
Nays:	None
Abstained:	None
Absent:	Targonski

On motion by de Groot, seconded by Miller, it was moved to adopt Resolution 2017-061, approving the credits and/or refunds of customer accounts in the amount of \$99.36.

No discussion on this Resolution.

Recorded vote:

Ayes:	Gulbinsky, Lynch, Malone, de Groot, Miller
Nays:	None
Abstained:	None
Absent:	Targonski

I. AGENDA ITEMS FOR DISCUSSION AND/OR ACTION:

A. PERFORMANCE BOND RELEASE - QUICKCHEK:

On motion by Lynch, seconded by Malone, it was moved to adopt Resolution 2017-062, authorizing the release of a performance guarantee received from QuickChek Corporation.

Mr. Czekanski replied to Mr. de Groot's question that the maintenance reserve is ten percent of the performance guarantee or approximately \$3,500.00 for the lateral connections.

Recorded vote:

Ayes:	Gulbinsky, Lynch, Malone, de Groot, Miller
Nays:	None
Abstained:	None
Absent:	Targonski

B. REIMBURSEMENT AGREEMENT:

On motion by Malone, seconded by Lynch, it was moved to adopt Resolution 2017-063, authorizing the form of an amendment to a sanitary sewerage improvement reimbursement agreement between the Authority and G.S. Realty.

Mr. Coleman presented his opinion that the agreement is a very straightforward, simple amendment. Originally, there were three parties involved in this agreement, G.S. Realty, Trammell Crow, and Equus. Late last week, an amendment of the agreement was distributed, for Trammell Crow and G.S. Realty. Trammell Crow Company will be working with G.S. Realty on the improvements and included in the recapture agreement.

Mrs. Gulbinsky opened the floor to those in attendance for this matter. Mr. Andrew Mele who is the Managing Director for the Trammell Crow Company, spoke about sharing the costs of the improvements with GS Realty. Trammell Crow is going to be directly overseeing the improvements as the process goes on.

Mr. de Groot asked Mr. Mele about the progress outlined in the Exeter property letter from Archer. Mr. Mele confirmed the contractor has been selected. Mr. George Laigaie, the construction manager for Trammell Crow stated the actual field work time is two months, but there are lead time delivery items for up to 12 to 15 weeks. There are a number of other missing pieces including the Turnpike Authority agreement.

Mr. Eustace interjected with information on the Turnpike Authority documents. The Authority is in possession of 5 agreements that can be signed in a day's time once the general contractor signs their contract with Trammell Crow and provides the required insurance documents. Mr. de Groot asked again when the work will be complete, and it was determined that a date cannot be provided at this time. There are still too many pieces that need to fall into place before the construction can begin. Mr. Mele stated the overall job should take 60 to 90 days to complete.

Recorded vote:

Ayes:	Gulbinsky, Lynch, Malone, de Groot, Miller
Nays:	None
Abstained:	None
Absent:	Targonski

II. PROFESSIONAL REPORTS:

A. EXECUTIVE DIRECTOR:

OPEN SEWER CONNECTION ACCOUNTS:

- 1.) Great Northeastern Enterprises requested the escrow balance in the amount of \$15.50 be refunded for 40 Highbridge Road.
- 2.) Treatment Works Approval for Volunteers of America senior housing project was received July 12, 2017.

OPERATIONS ITEMS:

The executive director spent 18.00 hours and the administrative staff spent 15.00 hours on developer projects.

B. GENERAL COUNSEL:

Mr. Coleman spent time preparing for the rate hearing, meeting with Mr. Eustace and Mr. Czekanski about Trammell Crow Company and the Equus matter. There was a hearing with NJ Unemployment compensation with respect to a personnel matter, and the Authority received the outcome that unemployment compensation was denied.

C. ENGINEER:

Mr. Czekanski briefly commented on the activities for the month. The Volunteers of America (VOA) project as Mr. Eustace reported has received their Treatment Works Approval (TWA) from the State of NJ. The Burlington Road location, where VOA is building, has to flow into the Bordentown Waterfront Development Phase II project that does not yet exist. The water will then pump into the Phase I pump station which does exist and the Authority already owns.

There are still some items in the VOA development that are unresolved creating a delay of what Mr. Czekanski feels could be a year before the VOA senior housing project can connect.

Mr. Eustace added that the TWA for VOA was written to reference the three TWAs already approved for the Bordentown Waterfront Phase II project documented in the engineering report, showing the conveyance for the VOA project.

Mr. Czekanski's full report is attached to these minutes and made a part thereof.

III. PUBLIC PARTICIPATION:

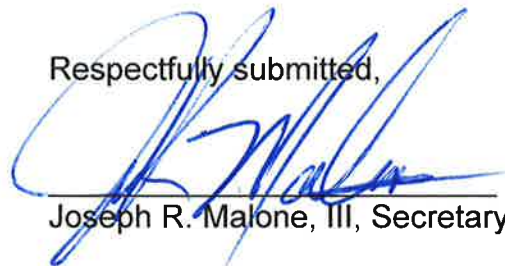
Andrew Mele and George Laigaie of Trammell Crow Company spoke in the discussion on for Resolution 2017-063. Also in attendance were the Authority's Auditor Michael Holt, and Carol de Groot of 8 Arlington Road. There were no other comments from the public.

On motion by Lynch seconded by Malone, it was moved to adjourn the meeting at approximately 6:45 p.m.

Recorded vote:

Ayes:	Gulbinsky, Lynch, Malone, de Groot, Miller
Nays:	None
Abstained:	None
Absent:	Targonski

Respectfully submitted,



Joseph R. Malone, III, Secretary

APPROVED ON:

August 21, 2017

1 BORDENTOWN SEWERAGE AUTHORITY
 2 954 FARNSWORTH AVENUE
 3 BORDENTOWN, NJ 08505

4 IN RE:
 5 RATE HEARING

7 -----

8 MEETING OF SEWERAGE AUTHORITY
 9 JULY 17, 2017

10 Rate hearing portion of the Bordentown Sewerage
 11 Authority, before KATHLEEN INTROCASO, License No.
 12 XI01728, a Certified Court Reporter and Notary Public
 13 of the State of New Jersey, on the above date,
 14 commencing at 6:00 p.m., there being present:

15 ELLEN GULBINSKY - CHAIRWOMAN
 16 JAMES E. LYNCH, JR. - VICE CHAIRMAN
 17 JOSEPH R. MALONE, III - SECRETARY
 18 LEONARD J. de GROOT - TREASURER
 19 ANEKA MILLER - ASSISTANT SECRETARY

20 RICHARD D. EUSTACE - EXECUTIVE DIRECTOR
 21 ELIZABETH J. KWELTY - ADMINISTRATIVE MANAGER
 22 THOMAS J. COLEMAN, III, ESQ. - SOLICITOR
 23 RICHARD B. CZEKANSKI, P.E. - ENGINEER
 24 MICHAEL HOLT, CPA - AUDITOR

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1 Bordentown and the Township of Bordentown on June 21st,
 2 all of which have to be by statute 20 days prior to
 3 this hearing.
 4 The hearing this evening is going to be conducted
 5 in the following manner: The authority will present
 6 two witnesses that to some degree will justify the
 7 adjustment to the rates. After the witnesses testify
 8 any member of the public in attendance this evening
 9 will have an opportunity to question the witnesses.
 10 After the witnesses for the authority have testified
 11 and have been cross-examined, if there's any
 12 cross-examination, anyone from the public can make a
 13 statement concerning the proposed connection fees. And
 14 these statements are also subject to cross-examination.
 15 After everyone has had an opportunity to make a
 16 statement the public portion of the hearing will be
 17 closed and the authority will consider the adjustments
 18 set forth in the resolution that I believe that the
 19 board members have.
 20 So with no further ado, I'd like to call the first
 21 witness which will be Mr. Eustace. Can you swear in
 22 Mr. Eustace?
 23 (Whereupon, Richard D. Eustace, having been duly
 24 sworn, testified as follows):
 25 MR. COLEMAN: Rick, I'm just going to ask

1 CHAIRWOMAN GULBINSKY: Okay. We open
 2 with our resolution approving the proposed amendment to
 3 the rate schedule as attached effective January 1st,
 4 2018. Mr. Coleman.
 5 MR. COLEMAN: Thank you, madam chairman.
 6 Commissioners, board members, as we've discussed over
 7 the last couple months we're going to hold a rate
 8 hearing this evening. And the rate hearing is designed
 9 per the statutes in the State of New Jersey to --
 10 you're obligated statutorily to look at the rates of
 11 the authority on a yearly basis and recalculate those
 12 rates and to the extent that the rates warrant
 13 adjustment as per the statute, you'll adjust them in
 14 accordance with the resolution.
 15 So this hearing this evening is being conducted to
 16 adjust the connection fee rate under the law. As I
 17 mentioned, the authority is required to recalculate its
 18 connection fees at the end of each fiscal year.
 19 Notice of this hearing this evening was given in
 20 accordance with the statutes of the State of New
 21 Jersey. Notice was published in The Times of Trenton
 22 on June 26th, 2017 and the Burlington County Times on
 23 June 25th, 2017. I believe Miss Kwelty has proofs of
 24 publication for both. Okay. Great. Notice was also
 25 served on the municipal clerks of the City of

1 you a series of questions and walk you through this
 2 process similar to what we did last year. So if you
 3 could state for the record your full name, please.
 4 MR. EUSTACE: Richard Dennis Eustace.
 5 MR. COLEMAN: And, Rick, who are you
 6 employed by?
 7 MR. EUSTACE: The Bordentown Sewerage
 8 Authority.
 9 MR. COLEMAN: And in what capacity are
 10 you employed?
 11 MR. EUSTACE: Executive director.
 12 MR. COLEMAN: Are you familiar, Rick,
 13 with the procedures for calculating connection fees
 14 under the statutes of the State of New Jersey?
 15 MR. EUSTACE: Yes, I am. And if a legal
 16 opinion or interpretation were necessary, I would
 17 consult with an attorney for the authority.
 18 MR. COLEMAN: Did you have an opportunity
 19 to compute the connection fees for the Bordentown
 20 Sewerage Authority as of the end of the current fiscal
 21 year?
 22 MR. EUSTACE: Yes, I did.
 23 MR. COLEMAN: Previous fiscal year,
 24 excuse me.
 25 MR. EUSTACE: Yes, I did. First I

1 determined the average daily water usage for a
 2 single-family residence in the service area of the
 3 authority. I used the study period of 2016. My study
 4 area was comprised exclusively of single-family
 5 residences and included all single-family residences in
 6 our service area. There were 4,789 single-family
 7 residences in the study area. There were 264,281,000
 8 gallons of water used in the study area during the
 9 study period. Dividing that number by the number of
 10 single-family residences in the study area, and by 365
 11 days, I calculated that the average water usage for a
 12 single-family residence served by the authority during
 13 the study period was 151 gallons per day.

14 Once I had the number of gallons per day of usage
 15 by a single-family residence, I was able to determine
 16 the number of service units in the authority's system.
 17 I calculated that the total gallons of water billed to
 18 all customers in the system during the same study
 19 period was 400,885,000 gallons. This equals an average
 20 usage of 1,098,315 gallons per day. Dividing that
 21 number by the average single-family usage of 151
 22 gallons per day, I calculated that there were 7,274
 23 service units in the system based on the statutory
 24 formula as of the end of the immediately preceding
 25 year.

1 Our auditor calculated the capital base of the
 2 authority in the sewerage system in accordance with the
 3 statutory formula contained in N.J.S.A. 40:14A-22. The
 4 capital base of the authority and its sewerage system
 5 as of the end of the immediately preceding fiscal year
 6 amounted to \$70,277,317. I calculated the connection
 7 fee for a residential dwelling unit by dividing the
 8 capital base by the number of service units. The
 9 connection fee per residential dwelling unit came to
 10 \$9,662.

11 I then divided the connection fee per residential
 12 dwelling unit by the average number of gallons per day
 13 for a single-family residence and determined a
 14 connection fee per gallon per day for nonresidential
 15 customers. The connection fee per gallon per day for
 16 nonresidential customers came to \$64 per gallon per day
 17 with a minimum connection fee equal to the connection
 18 fee that is charged to residential users.

19 Mathematically, the rate per gallon is the same for
 20 both residential and nonresidential users. Not all
 21 residential users will reach an average residential
 22 usage, but they pay a connection fee as though they
 23 had. To be fair and consistent, we charge a
 24 nonresidential customer a minimum connection fee as
 25 though they had reached the average residential usage.

1 There is a special sewer connection fee for hotels
 2 and motels. The connection fee for hotels and motels
 3 is a function of the number of rooms plus the amenities
 4 offered in the hotel or motel. The connection fee is
 5 calculated by multiplying the number of guest rooms by
 6 the rate per guest room which is one-half of the
 7 residential rate. However, any office space,
 8 convention or meeting rooms, restaurants, laundries, et
 9 cetera, that are on premises are calculated separately
 10 at the nonresidential rate per gallon of estimated
 11 usage.

12 MR. COLEMAN: Thank you, Rick. In your
 13 opinion are the proposed revisions to the connection
 14 fee rate schedule that you just laid out for members of
 15 the public and the board are they necessary and
 16 reasonable in amount?

17 MR. EUSTACE: Yes, they are both
 18 necessary and reasonable in amount. They are necessary
 19 since the statute requires the authority to recalculate
 20 its connection fees at the end of each fiscal year.
 21 They are reasonable in amount since the connection fees
 22 were calculated in accordance with the statutory
 23 formula and are designed to have the customer pay its
 24 proportionate share of the sewerage system in the
 25 manner required by law.

1 MR. COLEMAN: Thank you, Rick. Is there
 2 anything further you'd like to add with respect to the
 3 connection fees?

4 MR. EUSTACE: Not at this time.

5 MR. COLEMAN: Okay. Members of the
 6 board, this is all the testimony that I'd like to offer
 7 from Mr. Eustace with respect to the connection fees
 8 only. So, madam chairman, with your permission I'd
 9 like to have you open it to the public to see whether
 10 there's any questions for Mr. Eustace.

11 CHAIRWOMAN GULBINSKY: Certainly. Okay.
 12 Any members of the public who would like to ask a
 13 question with regard to the rates? Hearing none, Mr.
 14 Coleman.

15 MR. COLEMAN: Okay. Thank you. So what
 16 we'll do at this point is we'll move on to the second
 17 portion of our hearing this evening. And this concerns
 18 an adjustment to our schedule of rates. Seeing Mr.
 19 Holt is present this evening, could we have Mr. Holt
 20 sworn?

21 (Whereupon, Michael Holt, has been duly sworn, and
 22 testified as follows:)

23 MR. COLEMAN: Mr. Holt, if you could
 24 state your name and your place of employment for the
 25 record, please.

1 MR. HOLT: Michael Holt. I am a partner
 2 with the firm of Holman Frenia Allison, P.C.
 3 MR. COLEMAN: Mr. Holt, what's your
 4 relationship with the authority?
 5 MR. HOLT: I am the appointed auditor for
 6 the sewerage authority.
 7 MR. COLEMAN: And could you briefly state
 8 your professional qualifications?
 9 MR. HOLT: Yes. I am a certified public
 10 accountant and a registered municipal accountant
 11 auditing sewerage authorities, utilities of all nature,
 12 and municipalities and school districts in the State of
 13 New Jersey.
 14 MR. COLEMAN: Mike, how long have you
 15 been a certified public accountant?
 16 MR. HOLT: Approximately 28 years.
 17 MR. COLEMAN: And how long have you had
 18 an opportunity to represent the Bordentown Sewerage
 19 Authority in that capacity?
 20 MR. HOLT: Holman Frenia Allison, P.C.
 21 merged with Jack Maley's firm in 2015. This authority
 22 has been a client of Mr. Maley and H.F.A. for a total
 23 of 20 years.
 24 MR. COLEMAN: Mike, are you familiar with
 25 the financial records of the authority?

1 MR. HOLT: Yes, I am.
 2 MR. COLEMAN: Thank you, Mike. I'll be
 3 back to you shortly.
 4 Rick, again, let me remind you that you are still
 5 under oath. So with respect to our schedule of rates
 6 did you have an opportunity to compute -- to undertake
 7 a computation or study to determine whether the current
 8 service charges of this authority are sufficient to pay
 9 operating expenses, debt service, and to provide
 10 sufficient reserves for other expenses in the
 11 forthcoming years?
 12 MR. EUSTACE: I did. It is important to
 13 note that the authority needs to maintain a sufficient
 14 reserve for other expenses in the forthcoming years.
 15 You need to have a sufficient reserve that will not
 16 restrict your cash flow needs for operating budget
 17 purposes, and more importantly for your capital budget.
 18 We don't have the ease of funding projects as perhaps a
 19 municipality would. There is a detailed process to
 20 issue bonds to fund our capital needs. From a money
 21 management perspective it would be advantageous to fund
 22 our smaller capital projects that come up from time to
 23 time through the bonding process, but we really can't.
 24 We use the money on hand and that is the reserve.
 25 For budget year 2015/2016 we realized as revenue

1 \$2,300,000 in connection fees, because of this, the
 2 reserve fund was not depleted as it was in the past in
 3 order to balance the budget. From a revenue
 4 perspective, connection fees cannot be anticipated on
 5 an annual basis at that level. The 2015/2016
 6 anticipated connection fees revenues were \$1,940,138,
 7 while the current year budget anticipates \$581,044 in
 8 connection fees.
 9 We have done what I believe is a good job in
 10 maintaining and highlighting areas in the system that
 11 could be problematic. We have gone to the wastewater
 12 trust and received monies to fix up these areas in need
 13 of repair. Black's Creek Wastewater treatment plant is
 14 now 30 years old. Much of the equipment in the
 15 treatment plant has reached its useful life. In
 16 addition to aging equipment at the plant, portions of
 17 the collection system are over 100 years old, and
 18 equipment needs to be replaced and/or refurbished at
 19 the pump stations. It will become necessary to start
 20 spending upwards of 300 to \$400,000 a year to refurbish
 21 equipment. Proper asset management requires us to
 22 maintain and upgrade our current treatment facilities
 23 in order to satisfy current N.J.D.E.P. rules and
 24 regulations. If we continue on the path of using the
 25 reserves to balance and stabilize our budget, then we

1 will need to be able to fund future capital projects --
 2 we will not be able to fund future capital projects.
 3 MR. COLEMAN: Rick, is there anything
 4 further that you'd like to add with respect to the
 5 results of your study and computation of our rates?
 6 MR. EUSTACE: Yes. I would like to
 7 review prior years' operating budgets. The overall
 8 budget has not increased significantly year to year.
 9 We were able to fund those budgets with the revenues
 10 that we received along with the reserves. We can no
 11 longer do that because the reserves are no longer
 12 available, due to the downturn in new developments.
 13 Okay. There's a handout in your packet if you want to
 14 review on operating budget history.
 15 MR. COLEMAN: So what we'd like to do,
 16 Rick, is so we can include this with the record, we'll
 17 have this -- is this what you're reading it says
 18 Operating Budget History?
 19 MR. EUSTACE: That's correct.
 20 MR. COLEMAN: So if we could have this
 21 marked as Exhibit A-1? And we'll include that and
 22 we'll give it to the stenographer.
 23 (Exhibit A-1, Operating Budget History 2008 to
 24 2016, 1 page, is marked for identification.)
 25 MR. COLEMAN: And what is, Mr. Eustace,

1 what is this that you have before you?
 2 MR. EUSTACE: What this handout depicts
 3 is our operating budget for the year 2008 through the
 4 year 2016. As you can see on an annual basis, the
 5 authority has not spent the entire operating budget.
 6 In fact, in the years between 2008 and 2016 the
 7 operating budget has only increased by \$67,590. This
 8 is an average of only \$7,510 a year or 0.3 percent
 9 actual expenditure increase in the authority's
 10 operating budget. Okay. And there's another exhibit,
 11 please, if you would take a look at.

12 MR. COLEMAN: And, Mr. Eustace, we'll
 13 mark this as Exhibit A-2. And this A-2 is this what's
 14 identified as Debt Service Requirements?

15 MR. EUSTACE: That is correct.
 16 (Exhibit A-2, Debt Service Requirements 2011 to
 17 2026, 1 page, is marked for identification.)

18 MR. COLEMAN: And, Mr. Eustace, what does
 19 this exhibit depict?

20 MR. EUSTACE: It is important to note
 21 that a big part of our overall budget is debt service.
 22 When the opportunity arose we quickly jumped to
 23 refinance that debt and saved millions of dollars or
 24 more over the years of budgetary costs. Over the next
 25 three years our annual debt service as seen on the

1 handout before you will be at its highest over the life
 2 of the amortization schedule.
 3 At the time Ocean Spray left (December 2014) there
 4 was a loss of \$500,000 a year in sewer rents. The
 5 authority raised rates 10 percent effective January
 6 1st, 2016 expecting approximately \$325,000 in
 7 additional rent revenues. The debt service also
 8 increased leaving the authority a net increase of
 9 \$80,000 that year. The authority raised rates 12
 10 percent effective January 1st, 2017 expecting
 11 approximately 390,000 in additional rent revenues. We
 12 elected to mitigate the consequences of this rate
 13 increase as best we could by agreeing to revisit the
 14 possibility of future increases on an annual basis.

15 MR. COLEMAN: So, Mr. Eustace, based upon
 16 your review of Exhibits A-1 and A-2 and more
 17 importantly your calculation of the -- of the financial
 18 position, what rates are you specifically proposing to
 19 be adjusted?

20 MR. EUSTACE: A sewer rate increase of 5
 21 percent to be effective January 1st, 2018. For
 22 residential customers the consumption rate would
 23 increase to \$3.10 per 1,000 gallons and the base rate
 24 unit would increase to \$90.42 per quarter. The current
 25 consumption rate is \$2.96 per 1,000 gallons and the

1 current base rate is 86.12.
 2 The average residential customer in 2016 used
 3 13,590 gallons per quarter. A 5 percent rate increase
 4 equals an additional \$6.31 per quarter for the average
 5 user.

6 For a nonresidential customer (hotels/motels) the
 7 consumption rate would increase to \$3.10 per 1,000
 8 gallons and the base rate per unit will increase to
 9 45.21 per quarter.

10 For nonresidential (general) the consumption rate
 11 would increase to \$3.10 per 1,000 gallons and the base
 12 rate will be \$90.42 per quarter.

13 For nonresidential (schools) the consumption rate
 14 would increase to \$3.10 per 1,000 gallons and the base
 15 rate per unit will increase to \$90.42 per quarter. The
 16 schedule of proposed rates has no increase provided for
 17 senior citizens. Those rates will remain unchanged.

18 MR. COLEMAN: Mr. Holt, you've had an
 19 opportunity to listen to the testimony provided by Mr.
 20 Eustace. Have you also had an opportunity to review
 21 and confirm Mr. Eustace's calculations?

22 MR. HOLT: Yes, I have. The analysis by
 23 Mr. Eustace and his staff is sound and reasonable.

24 MR. COLEMAN: Rick, to come to the
 25 recommendations and conclusions that the increased

1 rates are necessary in the amount that you've
 2 testified, I take it that what you did was a projected
 3 budget for the next five years and then determined what
 4 revenues would be necessary to meet those budget
 5 expectations and expenses. Is that a correct
 6 statement?

7 MR. EUSTACE: That is correct. I looked
 8 at the budget totals to see where we thought we had to
 9 be to fund the budget next year and arrived at these
 10 rates for increases. With this rate increase, it's
 11 important to note, we still operate in a deficit
 12 position financially next year. I believe more than
 13 likely we'll need another rate increase next year as
 14 well.

15 MR. COLEMAN: And the budgeted amount for
 16 connection fees would they be in line with recent past
 17 authority history and projects of what may be coming
 18 into the system in the future?

19 MR. EUSTACE: That is true.

20 MR. COLEMAN: Mr. Holt, in your opinion
 21 are the rates as testified by Mr. Eustace and the
 22 adjustments to the sewer service charges necessary for
 23 this authority to remain in good financial health?

24 MR. HOLT: I believe these rate increases
 25 are necessary to fund the operating and capital budget

1 of the authority.
 2 MR. COLEMAN: Mike, in your opinion are
 3 they reasonable in amount given the budgeted expenses
 4 and the connection fees that are expected?

5 MR. HOLT: In my opinion they are
 6 reasonable in amount.

7 MR. COLEMAN: Madam Chairman, I, again,
 8 have nothing further to offer from either Mr. Holt or
 9 Mr. Eustace and I would ask that you open this portion
 10 of the meeting back again to the public for any
 11 questions or cross-examination of Mr. Eustace or Mr.
 12 Holt.

13 CHAIRWOMAN GULBINSKY: Thank you. Okay.
 14 Do we have any questions from members of the public?
 15 Hearing none, I will entertain a motion from the board
 16 members to accept the rates.

17 MR. de GROOT: So moved.

18 MR. MALONE: Second.

19 CHAIRWOMAN GULBINSKY: Any questions?
 20 Comments? All in favor -- I think we need a roll call.
 21 We need a roll call.

22 MS. KWELTY: Mrs. Gulbinsky?

23 CHAIRWOMAN GULBINSKY: Yes.

24 MS. KWELTY: Mr. Lynch?

25 MR. LYNCH: Yes.

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CERTIFICATE

I, KATHLEEN INTROCASO, a Certified Court Reporter
 of the State of New Jersey, do hereby certify that the
 following (or the preceding) is a true and accurate
 transcript of the proceedings as taken stenographically
 by me at the place, time and date hereinbefore set
 forth.

I do further certify that I am neither a
 relative nor employee, nor attorney or counsel to
 any parties involved; that I am neither related
 to nor employed by any such attorney or counsel;
 and that I am not financially interested in this
 action.

KATHLEEN INTROCASO
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 EXPIRATION DATE: 6/30/18
 A CERTIFIED COURT REPORTER
 OF THE STATE OF NEW JERSEY

1 MS. KWELTY: Mr. Malone?
 2 MR. MALONE: Yes.
 3 MS. KWELTY: Mr. de Groot?
 4 MR. de GROOT: Yes.
 5 MS. KWELTY: Mrs. Miller?
 6 MS. MILLER: Yes.
 7 MR. COLEMAN: Thank you, madam chair.
 8 CHAIRWOMAN GULBINSKY: The motion
 9 carries.

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Exhibit A-1

Operating Budget History

Year	Budgeted Operating Expense	Actual Operating Expense	Percentage of Budget Expended
2008	\$2,602,437.00	\$2,427,994.00	93%
2009	\$2,688,157.00	\$2,409,804.00	89%
2010	\$2,769,731.00	\$2,494,657.00	90%
2011	\$2,711,950.00	\$2,517,606.00	92%
2012	\$2,804,575.00	\$2,479,655.00	88%
2013	\$2,896,419.00	\$2,509,103.00	86%
2014	\$2,963,573.00	\$2,546,638.00	86%
2015	\$3,003,326.00	\$2,536,900.00	84%
2016	\$3,045,461.00	\$2,495,584.00	82%

The difference between 2008 and 2016 is \$67,590.00 increase. This is an average of \$7,510 (0.30%) per year actual expenditure increase.

Exhibit A-2

DEBT SERVICE REQUIREMENTS

2011	\$2,199,448
2012	\$1,878,698
2013	\$1,961,000
2014	\$1,974,280
2015	\$2,233,367
2016	\$2,227,629
2017	\$2,234,348
2018	\$2,238,501
2019	\$2,240,117
2020	\$2,245,567
2021	\$1,889,802
2022	\$1,893,183
2023	\$1,898,615
2024	\$1,895,977
2025	\$1,900,490
2026	\$ 251,840

Section 612 of the 1986 Bond Resolution requires coverage of 110% of Net Revenues to Debt Service

**BORDENTOWN SEWERAGE AUTHORITY
ENGINEER'S STATUS REPORT FOR JULY 17, 2017 MEETING
PREPARED BY REMINGTON VERNICK & ARANGO (RV&A) ENGINEERS**

DEVELOPMENT TOPICS:

- **Bordentown Waterfront Phase II: River Side of River Line Tracks:**
 - ▶ **Apartments/Townhouses:** There are three NJDEP treatment works permit applications associated with this development namely, the Authority's portion of the sanitary sewer collection system located within the Township's right of way along with the pump station force main piping; the Authority's pump station; and the privately owned portion of the sanitary sewer system. All three permits have been received. There are still miscellaneous design issues to resolve. **Recent activity is the Applicant's request to be provided with performance bond costs. These are currently being developed by our office.**
 - ▶ **Volunteers of America on Burlington Road:** This proposed private conveyance system has its wastewater discharge flowing into the Phase II complex. **The recently issued Applicant's NJDEP Treatment Works Permit is in the meeting packet. The construction timetable is now up to the downstream developer who must connect this facility to the Authority's existing sewer main system. At the very least that is six months away.**
- **Rising Sun Road Pump Station/Force Main Service Area:**
 - ▶ **System Improvements:** At the request of the Applicant we conducted a verification study of projected service area flows originally predicted several years ago so they may have up to date predictions as to what may flow into the pump station. This was to be used for their shared services/cost recapture agreements with any future developers needing sewer service in this pump station service area in the future.

**ENGINEER'S STATUS REPORT FOR JULY 17, 2017 MEETING
(CONTINUED)**

▶ **Arby's Construction at the Petro Rest Stop: Construction has commenced.**

- **Quick Chek Mini Mart Route 130: A performance bond reduction is included in the meeting packet for the Board's consideration.**
- **95 Dunns Mill Road: We are communicating with the Applicant's engineer regarding lateral connection details for a single family dwelling.**
- **Maintenance Bond List:**

Bordentown Holiday Inn Express: Expires March 20, 2019: Per Resolution 2017-035

PLANT TOPICS

- **Building B3 Roof Replacement: Project bid should be considered for award at the August meeting.**

**End of Report - Prepared by Richard B. Czekanski, PE, BCEE, CME
Remington Vernick & Arango Engineers**