

BORDENTOWN SEWERAGE AUTHORITY
MEETING MINUTES
November 16, 2015

The meeting was called to order by the Chairman, Ronald Marino, at 6:00 p.m. 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 26, 2015,
- b. Mailing written notice to THE TIMES and BURLINGTON COUNTY TIMES on February 26, 2015; 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 26, 2015.

The following persons were in attendance: Board Members Ronald L. Marino, Zigmont F. Targonski, Stephen Monson, James E. Lynch, Jr., Joseph R. Malone III, and M. Ellen Gulbinsky. 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 Czekanski, the Authority's Auditor John J. Maley, and Township of Bordentown Liaison Committeeman John Moynihan.

RATE HEARING

On motion by Monson, seconded by Targonski, it was moved to approve the proposed amendments to the rate schedule effective January 1, 2016.

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

Recorded vote:

Ayes:	Marino, Targonski, Monson, Lynch, Malone, Gulbinsky
Nays:	None
Abstained:	None
Absent:	None

On motion by Lynch, seconded by Targonski, it was moved to approve the minutes of the October 19, 2015 regular session.

No discussion on the Minutes.

Recorded vote:

Ayes:	Marino, Targonski, Monson, Lynch, Malone, Gulbinsky
Nays:	None
Abstained:	None
Absent:	None

On motion by Lynch, seconded by Gulbinsky, it was moved to adopt Resolution 2015-082 approving the November payment of bills from the Operating Fund in the amount of \$175,331.29, of which \$97,382.92 is a payroll transfer and \$26,620.00 is a capital expense.

No discussion on this Resolution.

Recorded vote:

Ayes:	Marino, Targonski, Monson, Lynch, Malone, Gulbinsky
Nays:	None
Abstained:	None
Absent:	None

On motion by Targonski, seconded by Gulbinsky, it was moved to adopt Resolution 2015-083, approving the payment of November bills from the Escrow Fund in the amount of \$7,692.08.

No discussion on this Resolution.

Recorded vote:

Ayes:	Marino, Targonski, Monson, Lynch, Malone, Gulbinsky
Nays:	None
Abstained:	None
Absent:	None

On motion by Malone, seconded by Lynch, it was moved to adopt Resolution 2015-084, approving the credits and/or refunds of customer accounts in the amount of \$58,345.07.

Mrs. Kwelty provided explanation for the excessive credit. A clerical error was made on a commercial account at the time the bills were generated. The customer's account was corrected immediately upon notification, and the customer has since paid the corrected bill.

Recorded vote:

Ayes:	Marino, Targonski, Monson, Lynch, Malone, Gulbinsky
Nays:	None
Abstained:	None
Absent:	None

I. AGENDA ITEMS FOR DISCUSSION AND/OR ACTION:

On motion by Targonski, seconded by Gulbinsky, it was moved to adopt Resolution 2015-085, amending the Authority's FY 2014 Operating Budget, adjusting shortages and overages within budget line items with no change to overall budget amount.

No discussion on this Resolution.

Recorded vote:

Ayes:	Marino, Targonski, Monson, Lynch, Malone, Gulbinsky
Nays:	None
Abstained:	None
Absent:	None

On motion by Lynch, seconded by Malone, it was moved to adopt Resolution 2015-086, adopting the Authority's 2015 Budget (December 1, 2015 – November 30, 2016)

Mr. Malone requested the dollar amount unused from the budget year ending November 30, 2015. Mr. Eustace and Mrs. Kwelty responded approximately \$400,000.00. A clarification was made for Mrs. Gulbinsky that this \$400,000.00 budget under-expenditure is a separate amount from the required Renewal & Replacement Reserve amount of \$400,000.00.

Recorded vote:

Ayes:	Marino, Targonski, Monson, Lynch, Malone, Gulbinsky
Nays:	None
Abstained:	None
Absent:	None

On motion by Targonski, seconded by Gulbinsky, it was moved to adopt Resolution 2015-087, ratifying emergency contract to Hanby Associates in the amount of \$6,120.00 for parts and labor from lightning damage to the substation switchgear.

Mr. Eustace reported that this is the final payment for the emergency repairs needed for the generator and everything is now running well. In answer to Mr. Monson's question, the insurance deductible for the insurance claim is \$1,000.00.

Recorded vote:

Ayes:	Marino, Targonski, Monson, Lynch, Malone, Gulbinsky
Nays:	None
Abstained:	None
Absent:	None

On motion by Lynch, seconded by Targonski, it was moved to adopt Resolution 2015-088, adopting the Bordentown Sewerage Authority's Cash Management Plan for fiscal year ending November 30, 2016.

No Discussion on this Resolution.

Recorded vote:

Ayes:	Marino, Targonski, Monson, Lynch, Malone, Gulbinsky
Nays:	None
Abstained:	None
Absent:	None

On motion by Targonski, seconded by Gulbinsky, it was moved to adopt Resolution 2015-089 authorizing the appointment of Stephen D. Muller as a sewer maintenance worker.

Mr. Eustace explained that Mr. Cole resigned one week after his start date and Mr. Muller was the strongest candidate of those interviewed for the Sewer Maintenance Worker position.

Recorded vote:

Ayes:	Marino, Targonski, Monson, Lynch, Malone, Gulbinsky
Nays:	None
Abstained:	None
Absent:	None

II. PROFESSIONAL REPORTS:

A. EXECUTIVE DIRECTOR:

Mr. Eustace reported on the following items.

- Fixed Asset Management workshop attended
- NJDEP Permit inspection, no issues
- Alarm system telephone line issues
- Executive Director time spent on developer issues for November, 9 hours
- Administrative staff time spent on developer issues for November, 11.75 hours
- Sinkhole repair complete, 147 Route 130 North.
- Monthly Financial Report

B. GENERAL COUNSEL:

Mr. Coleman reported on the month's activities.

- Building 2W, still need some more information from Mr. Kantor
- Amboy Bank – form letter for Amboy to provide the Authority with their approval to allow future projects to move forward.

C. ENGINEER:

Mr. Czekanski reported briefly on the month's activities and his report is attached to these minutes and made a part thereof.

III. PUBLIC PARTICATION:

Leonard De Groot of 8 Arlington Road asked about the senior discounts that were mentioned on the Rate Schedule. Mrs. Kwelty, Mr. Malone, and Mr. Moynihan all responded separately that the senior discount applications are available from the respective tax office, and if the resident meets the low income qualifications, a discount will be applied to their property tax bill as well as their water and sewer bills.

On motion by Targonski, seconded by Monson, it was moved to adjourn the meeting at approximately 6:58 p.m.

Recorded vote:

Ayes:	Marino, Targonski, Monson, Lynch, Malone, Gulbinsky
Nays:	None
Abstained:	None
Absent:	None

Respectfully submitted,

APPROVED ON:

December 21, 2015


Stephen Monson, Secretary

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BORDENTOWN SEWERAGE AUTHORITY
954 FARNSWORTH AVENUE
BORDENTOWN, NJ 08505

IN RE:

RATE HEARING

MEETING OF SEWERAGE AUTHORITY

NOVEMBER 16, 2015

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

RICHARD L. MARINO - CHAIRMAN
ZIGMONT F. TARGONSKI - VICE CHAIRMAN
STEPHEN MONSON - SECRETARY
JAMES E. LYNCH, JR. - TREASURER
JOSEPH R. MALONE, III - ASSISTANT SECRETARY
ELLEN GULBINSKY - ASSISTANT SECRETARY

RICHARD D. EUSTACE - EXECUTIVE DIRECTOR
ELIZABETH J. KWELTY - ADMINISTRATIVE MANAGER
THOMAS J. COLEMAN, ESQ. - SOLICITOR
RICHARD B. CZEKANSKI, P.E. - ENGINEER
JOHN J. MALEY, JR., CPA - AUDITOR

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1 Maley. After the testimony has been provided the
2 members of the authority as well as the members of the
3 public will be afforded an opportunity to cross-examine
4 the witnesses. And after that the members of the board
5 as well as the members of the public will be provided
6 with an opportunity to question testimony and put a
7 statement on the record if they'd like.

8 So with, Mr. Chairman, no further ado I'd like to
9 move into the connection fee portion of the hearing.

10 Mr. Eustace, what I'm going to do I'm going to
11 swear you in. So, Mr. Eustace, do you swear that the
12 testimony you're about to provide this evening is the
13 whole truth and nothing but the truth so help you God?

14 MR. EUSTACE: I do.

15 MR. COLEMAN: Mr. Eustace, if you could
16 just clearly state your name for the record, please.

17 MR. EUSTACE: Richard Dennis Eustace.

18 MR. COLEMAN: And, Mr. Eustace, who are
19 you employed by?

20 MR. EUSTACE: The Bordentown Sewerage
21 Authority.

22 MR. COLEMAN: In what capacity?

23 MR. EUSTACE: Executive director.

24 MR. COLEMAN: As I mentioned previously,
25 I discussed briefly that we're obligated to reexamine

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1 CHAIRMAN MARINO: Item 4 which will be
2 our rate hearing. I'm going to turn this over to our
3 attorney, Tom.

4 MR. COLEMAN: Thank you, Mr. Chairman.
5 Good evening, ladies and gentlemen. My name is Tom
6 Coleman. I'm the solicitor of the Bordentown Sewerage
7 Authority. And tonight we are going to have a rate
8 hearing. Each year authorities in the State of New
9 Jersey are required by statute to reexamine and analyze
10 their schedule of rates and fees as well as their
11 connection fees. The Bordentown Sewerage Authority is
12 no different from that.

13 Under the law the sewerage authority as I mentioned
14 is required to recalculate the connection fees at the
15 end of each fiscal year. Notice of this particular
16 meeting was provided to the public in the Times of
17 Trenton on October 26th and in the Burlington County
18 Times on October 25th and was served upon municipal
19 clerks of the City of Bordentown and the Township of
20 Bordentown on October 26th, all more than 20 days in
21 advance of the hearing this evening.

22 Tonight's hearing as we've done in the past will be
23 conducted in the following manner: The authority will
24 provide the testimony of two witnesses, specifically
25 our executive director Mr. Eustace and our auditor Mr.

1 our schedule of rates and fees together with connection
2 fees. Are you familiar with the procedure for
3 calculating connection fees under the statutes of the
4 State of New Jersey?

5 MR. EUSTACE: Yes, I am. And if a legal
6 opinion or interpretation were necessary, I would
7 consult with the attorney for the authority.

8 MR. COLEMAN: Did you in fact have an
9 opportunity, Mr. Eustace, to recompute the connection
10 fees for this authority for this fiscal year?

11 MR. EUSTACE: Yes, I did. First, I
12 determined the average daily water usage for a
13 single-family residence in the service area of the
14 authority. I used a study period of 2014. My study
15 area was comprised exclusively of single-family
16 residences and included all single-family residences in
17 our service area. There were 4,778 single-family
18 residences in the study area. There was 269,571,000
19 gallons of water used in the study area during the
20 study period. Dividing that number by the number of
21 single-family residences in the study area, and by 365
22 days, I calculated that the average water usage for a
23 single-family residence served by the authority during
24 the study period was 155 gallons per day.

25 Once I had the number of gallons per day of usage

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1 by a single-family residence I was able to determine
 2 the number of service units in the authority's system.
 3 I calculated that the total gallons of water billed to
 4 all customers in the system during the same study
 5 period was 470,480,000 gallons. This equals an average
 6 usage of 1,288,986 gallons per day. Dividing that
 7 number by the average single-family usage of 155
 8 gallons per day, I calculated that there were 8,316
 9 service units in the system based on the statutory
 10 formula as of the end of the immediately preceding
 11 year.

12 Our auditor calculated the capital base of the
 13 authority in the sewerage system in accordance with the
 14 statutory formula contained in N.J.S.A. 40:14A-22. The
 15 capital base of the authority in its sewerage system as
 16 of the end of the immediately preceding fiscal year
 17 amounted to \$63,896,672. I calculated the connection
 18 fee for a residential dwelling unit by dividing the
 19 capital base by the number of service units. The
 20 connection fee per residential dwelling unit came to
 21 \$7,684. I then divided the connection fee per
 22 residential dwelling unit by the average number of
 23 gallons per day for a single-family residence to
 24 determine the connection fee per gallon per day for
 25 nonresidential customers. The connection fee per

1 MR. EUSTACE: Yes, they are both
 2 necessary and reasonable in amount. They are necessary
 3 since the statute requires the authority to recalculate
 4 connection fees at the end of each fiscal year. They
 5 are reasonable in amount since the connection fees are
 6 calculated in accordance with the statutory formula and
 7 are designed to have the customer pay the proportionate
 8 share of the sewerage system in the manner required by
 9 law.

10 MR. COLEMAN: Mr. Chairman, with respect
 11 to the connection fee that's all the testimony that I'd
 12 like to offer. What I'd like to do at this time with
 13 your permission is I'd like to open it to the public
 14 for any member of the public who has a question with
 15 respect to the connection fee only portion of Mr.
 16 Eustace's testimony. Is there any member of the public
 17 that would like to question him? Seeing none, Mr.
 18 Chairman, I'd like to turn it over to the board whether
 19 the board has any questions concerning Mr. Eustace's
 20 testimony with the connection fee only?

21 CHAIRMAN MARINO: Any member of the
 22 board? Yes, Steve.

23 MR. MONSON: Thank you, Mr. Chairman.
 24 You calculated an average of 155 gallons per day, was
 25 it?

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1 gallon per day for nonresidential customers came to \$50
 2 per gallon per day, with a minimum connection fee equal
 3 to the connection fee that is charged to residential
 4 users. Mathematically, the rate per gallon is the same
 5 for both residential and nonresidential users. Not all
 6 residential users will reach the average residential
 7 usage, but they pay a connection fee as though they
 8 had. To be fair and consistent, we charge a
 9 nonresidential customer a minimum connection fee as
 10 though they had reached the average residential usage.

11 There are special sewer connection fees for hotels
 12 and motels. The connection fee for hotels and motels
 13 is a function of the number of rooms, plus the
 14 amenities offered in the hotel or motel. The
 15 connection fee is calculated by multiplying the number
 16 of guest rooms by the rate per guest room, which is one
 17 half of the residential rate. However, any office
 18 space, convention or media rooms, restaurants,
 19 laundries, et cetera, that are on the premises are
 20 calculated separately at the nonresidential rate per
 21 gallon of estimated usage.

22 MR. COLEMAN: Thank you, Mr. Eustace. In
 23 your opinion, are the proposed revisions to the
 24 connection fee rate schedule both necessary and
 25 reasonable in amount?

1 MR. EUSTACE: Yes, sir.

2 MR. MONSON: Do you know the standard
 3 deviation on that?

4 MR. EUSTACE: No.

5 MR. MONSON: And the residential
 6 connection fee you said was \$7,684?

7 MR. EUSTACE: That's for one equivalent
 8 dwelling unit, yes.

9 MR. MONSON: So somebody who is building
 10 a single-family house is going to pay that fee?

11 MR. EUSTACE: That's correct.

12 MR. MONSON: To the authority?

13 MR. EUSTACE: That's correct.

14 MR. MALONE: May I ask a question of
 15 Steve here? What are you getting at when you're asking
 16 for the standard deviation on the charge?

17 MR. MONSON: Well, I'm trained as a
 18 mathematician and standard deviation has a bearing on
 19 if you're looking at a normal curve, you know, how
 20 narrow it is, pardon me. If we don't have the number,
 21 that's fine at this point.

22 MR. MALONE: What value would that number
 23 be for this?

24 MR. MONSON: Pardon me?

25 MR. MALONE: What value would that number

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1 be, Steve?

2 MR. MONSON: A standard deviation is
3 whatever it is. It's a calculation based on the number
4 of units and --

5 MR. MALONE: But would it have any value
6 in calculating the connection fee?

7 MR. MONSON: I don't know it yet. I'd
8 have to look at it, but I'm not challenging the fee. I
9 wanted to know if we have that number, if Rick could
10 give us the formula for standard deviation.

11 MR. MALONE: Have you ever figured out
12 the standard deviation?

13 MR. CZEKANSKI: There's probably a square
14 root in there somewhere, but beyond that I'm not sure.

15 MR. MONSON: We could if we needed to we
16 could get it, but it was just a matter of inquiry on my
17 part.

18 MR. MALONE: Okay. I make a motion we
19 accept the testimony as given by the executive
20 director.

21 MR. LYNCH: Second.

22 MR. COLEMAN: Well, they'll be a
23 resolution at the end of this.

24 MR. MALONE: Correct.

25 CHAIRMAN MARINO: So this motion is

1 record, Mr. Maley, could you just state your
2 professional qualifications?

3 MR. MALEY: I'm a certified public
4 accountant, registered municipal accountant. And I've
5 audited authorities and utilities and school districts
6 for the past many years.

7 MR. COLEMAN: And how long have you been
8 a certified public accountant?

9 MR. MALEY: Thirty-five years.

10 MR. COLEMAN: And without saying, how
11 long have you been with the Bordentown Sewerage
12 Authority?

13 MR. MALEY: Eighteen years.

14 MR. COLEMAN: And I trust that in those
15 18 years you've had an opportunity to familiarize
16 yourself with the authority's books and records --

17 MR. MALEY: I have.

18 MR. COLEMAN: -- as it's your job, isn't
19 it?

20 Mr. Eustace, let me -- I want to again remind you
21 that you're still under oath. Did you, Mr. Eustace,
22 have an opportunity to compute or undertake a study to
23 determine whether the current service charges of this
24 authority are sufficient to pay your operating
25 expenses, your debt service, and to provide sufficient

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1 acceptable for us to continue it?

2 MR. COLEMAN: Yes.

3 CHAIRMAN MARINO: Okay. We have a motion
4 that's been moved and seconded. All in favor? Aye.
5 Opposed? The motion is passed.

6 MR. COLEMAN: Mr. Chairman, what I'd like
7 to do I'd to move into our second part of the hearing.
8 As I mentioned previously Mr. Maley is here. So, Mr.
9 Maley, I'm going to zig and zag with you and Mr.
10 Eustace. Do you swear or affirm that the testimony
11 you're about to provide this evening is the whole truth
12 and nothing but the truth so help you God?

13 MR. MALEY: I do.

14 MR. COLEMAN: Mr. Maley, could you for
15 the record could you state your name and your address
16 for the record, please?

17 MR. MALEY: My John J. Maley. I'm the
18 auditor for the district. Did you ask for address?

19 MR. COLEMAN: Yes, please.

20 MR. MALEY: I'm at 2 Garfield Court in
21 Columbus, New Jersey.

22 MR. COLEMAN: And you are in fact the
23 auditor, the appointed auditor for the authority?

24 MR. MALEY: Correct.

25 MR. COLEMAN: Okay. Just briefly for the

1 revenue or sufficient stream of reserve revenues for
2 the forthcoming years?

3 MR. EUSTACE: I did. It is important to
4 note that the authority needs to maintain a sufficient
5 reserve for other expenses in the forthcoming years.
6 You need to have a sufficient reserve that will not
7 restrict your cash flow needs for operating budget
8 purposes and more importantly for your capital budget
9 because we don't have the ease of funding projects as
10 perhaps a municipality would. There's a detailed
11 process to issue bonds to fund our capital needs. From
12 a cost money management perspective it would be
13 advantageous to fund our smaller capital projects that
14 come up from time to time through the bonding process,
15 but we really can't, so we use the money on hand and
16 that is the reserve.

17 As of the end of 2014 the authority had a net
18 position of \$2,236,438 and a connection fee reserve of
19 \$1,935,836. As in the previous years the authority
20 will be depleting the reserves to fund the budget. For
21 budget year 2015/2016 1.9 million of the connection fee
22 reserves will be used.

23 While we have done that what I believe is a good
24 job in maintaining and highlighting areas in the system
25 that could be problematic and have gone to the

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1 wastewater trust and gotten monies to fix up these
 2 areas in need of repair, your treatment plant here is
 3 now approximately 30 years old. So a lot of equipment
 4 at the treatment plant is reaching its normal life.
 5 You are going to start spending upwards of 200,000 to
 6 300,000 a year to refurbish equipment that you have in
 7 the plant. If we continue on a path of using the
 8 surplus to balance and stabilize our budgets, we will
 9 have absolutely no money available to fund capital
 10 projects that may be needed in the future to maintain
 11 and upgrade our current treatment facilities in order
 12 to satisfy current N.J.D.E.P. rules and regulations.

13 MR. COLEMAN: Is there anything further,
 14 Rick, that you'd like to highlight with respect to your
 15 study?

16 MR. EUSTACE: Yes, over the years, if you
 17 look at our operating budgets, they have not increased
 18 significantly, and we were able to fund those budgets
 19 with the revenues that we brought in. We can no longer
 20 do this. The revenue isn't there any longer.

21 MR. COLEMAN: And, Mr. Eustace, I note
 22 that Ms. Kwelty has put up a slide. Would you like to
 23 briefly discuss for the board and members of the public
 24 what this slide depicts?

25 MR. EUSTACE: What that slide depicts up

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1 there is our operating budget from the year 2008 and to
 2 the year 2014. As you can see on an annual basis we
 3 don't ever spend our entire operating budget. And in
 4 fact, in the years between 2008 and 2014 our operating
 5 budget has only increased \$118,644. This is an average
 6 increase of around \$16,949 a year or approximately 0.68
 7 percent actual expenditure increase in our operating
 8 budget. So our operating budget is being kept close to
 9 the bone as far as the way we're operating this
 10 facility. At this time though our rents are not
 11 meeting our expenditures and our operating budget and
 12 our debt service so we have to increase. We are asking
 13 for an increase in our rent revenues.

14 It's important to note that a big part of our
 15 overall budget is our debt service budget. The budget
 16 and the debt service budget has been controlled over
 17 the years by way of refinancing. When the
 18 opportunities arose we quickly jumped to refinance the
 19 debt and saved millions of dollars or more over the
 20 years and budgetary costs. Over the next five years
 21 our annual debt service as seen on the slide before you
 22 will be at its highest over the life of the
 23 amortization schedule. You have gotten to a point now
 24 where the economy is weaker but recovering and we are
 25 not generating connection fees the way we used to. We

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1 also have a situation where Ocean Spray has left and
 2 that was a \$500,000 plus or minus a year rent payer.
 3 We elected to mitigate the consequences of this rate
 4 increase as best as we could by agreeing to revisit the
 5 opportunity of future increases over the next four
 6 years.

7 MR. COLEMAN: Mr. Eustace, as a result of
 8 your study and the basis and using that as a basis for
 9 your determinations, what rates are you proposing to be
 10 adjusted?

11 MR. EUSTACE: In terms of proposed
 12 rents/rates increases the first rent increase effective
 13 January 1st, 2016 for residential customers would be in
 14 your consumption charge. It would go from 2.40 per
 15 1,000 gallons to \$2.64 per 1,000 gallons and then the
 16 fixed rate would go from 69.90 per quarter to 76.89 per
 17 quarter. That would be an increase on the average user
 18 of 10 percent.

19 We talk about average user in the Bordentown
 20 Sewerage Authority. An actual EDU calculates to about
 21 18,000 gallons. For the sake of ease, we talk about a
 22 13,950 gallon user as the average user. That 13,950
 23 gallon user for this rate increase would pay an
 24 additional \$10.34 per quarter.

25 For nonresidential customers, hotels, motels the

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1 base quarterly rate per unit will increase to 38.44 per
 2 quarter with a consumption rate of 2.64 per 1,000
 3 gallons. For nonresidential, general customers, the
 4 base quarterly rate will increase to 76.89 per base
 5 unit with a consumption rate for \$2.64 per 1,000
 6 gallons. For nonresidential schools the base quarterly
 7 rate per unit will increase to 76.89 per quarter with a
 8 consumption rate of \$2.64 per 1,000 gallons. The
 9 schedule of proposed rates has no increase provided for
 10 senior citizens. Those rates will remain unchanged.

11 MR. COLEMAN: Mr. Maley, you've heard Mr.
 12 Eustace's testimony. Have you had an opportunity to
 13 review and confirm the calculations that were made by
 14 the executive director?

15 MR. MALEY: Yes, I have. I found them to
 16 be reasonable and sound.

17 MR. COLEMAN: Okay. Mr. Eustace, to come
 18 to the recommendations and conclusions that the
 19 increased rates are necessary in the amount that you've
 20 testified, I take it that what you did was a projected
 21 budget for the next five years and then determine what
 22 revenues would be sufficient to meet those budget
 23 expectations, is that correct?

24 MR. EUSTACE: That's correct. I look at
 25 the budget totals to see where we thought we had to

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1 fund the budget next year and arrived at these rates
2 for increases. With this rate increase it's important
3 to note we still operate in the deficit position
4 financially next year. It is a start however, I
5 believe more than likely we'll need another rate
6 increase next year as well.

7 MR. COLEMAN: Did you take in to
8 consideration the fact that your connection fees have
9 been relatively flat for the last couple of years?

10 MR. EUSTACE: We did. Connection fees
11 projected for 2016 to be added to our current revenues
12 we think are right on target at \$500,000. And then in
13 2017 we're thinking an additional 400,000, but in '18
14 and '19 we have nothing included.

15 MR. COLEMAN: The budgeted amount of the
16 connection fees would be in line with the recent past
17 authority history and projects that may be coming in to
18 the system, is that true?

19 MR. EUSTACE: True.

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

25 MR. MALEY: Yes. In my opinion the new

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1 Executive Director, for Granger been accounted for?

2 MR. MALEY: I'm sorry, can you repeat
3 that?

4 MR. DEGROOT: Where in your calculations
5 of meeting the requirements of section 612 been
6 accounted for? Have they been accounted in this fiscal
7 year, next fiscal year?

8 MR. MALEY: This fiscal year.

9 MR. DEGROOT: This fiscal year?

10 MR. MALEY: Yes.

11 MR. DEGROOT: So as I understand it you
12 said -- I'd like to address this to Mr. Eustace. I
13 understood that we weren't -- by our conversation last
14 meeting we weren't counting on them until next fiscal
15 year?

16 MR. EUSTACE: No, it's this year 2016.

17 MR. DEGROOT: 2016? Okay. Fiscal year?

18 MR. MALEY: Yes.

19 MR. DEGROOT: I'm sorry, I misunderstood.
20 So in other words, in this fiscal year you've taken
21 against the requirement for hook up fees of 600,000 a
22 year 1,200,000 just for that one project?

23 MR. EUSTACE: It's actually 1.4 million.

24 MR. DEGROOT: 1.4 million for that one
25 project?

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1 rates are needed to fund the operations of the
2 authority going forward.

3 MR. COLEMAN: In your opinion, Mr. Maley,
4 are they reasonable in amount given the budgeted
5 expenses and the connection fees that are expected?

6 MR. MALEY: They are.

7 MR. COLEMAN: Mr. Chairman, I have
8 nothing further for either Mr. Eustace or Mr. Maley.
9 Again, as I did with the connection fee what I'd like
10 to ask at this point if there's any member of the
11 public who would like to question either Mr. Maley or
12 Mr. Eustace with respect to their testimony.

13 Sir, if you could just clearly state your name and
14 your address for the record, please?

15 MR. DEGROOT: Leonard Degroot, 8
16 Arlington Road, Bordentown. Rather than classify these
17 as cross-examinations I'd rather state that they're
18 edifications.

19 MR. COLEMAN: Okay. So at this point
20 you'll have an opportunity to make a statement.

21 MR. DEGROOT: No, I'm asking for
22 edification.

23 MR. COLEMAN: Okay. Wonderful.

24 MR. DEGROOT: Where has the connection
25 fees in the estimates, either for Mr. Maley or for

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1 MR. EUSTACE: That's correct. We
2 anticipate issuing the user permit this year.

3 MR. DEGROOT: Okay. So in other words,
4 that would meet the requirements of at least two years?

5 MR. EUSTACE: One year.

6 MR. COLEMAN: When you say, Rick, this
7 year, you're talking about fiscal year 2016, correct?

8 MR. EUSTACE: That's correct.

9 MR. DEGROOT: The next two fiscal years
10 you said that they needed to have connection fees
11 estimated at 600,000?

12 MR. EUSTACE: Additional connection fees
13 of 600,000.

14 MR. DEGROOT: Okay. Now --

15 MR. MALEY: Maybe I can clarify?

16 MR. DEGROOT: Yes, please.

17 MR. MALEY: For fiscal year '16 the
18 budget shows revenues used of a million nine. So we
19 have to find a million nine for the following year
20 budget.

21 MR. DEGROOT: What major projects, and
22 there are three of them in the industrial zone in the
23 township and several motels coming on line, which of
24 these have been accounted for in your estimates?

25 MR. EUSTACE: In the next fiscal year?

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1 MR. DEGROOT: In this or the next.

2 MR. EUSTACE: The Granger, two buildings
3 in Team Campus and Spring Street, that's correct,
4 Spring Street in the city.

5 MR. DEGROOT: What about the motel that's
6 on the confluence of 130/206?

7 MR. EUSTACE: We have not heard from them
8 as far as when they're going to be done. We do not --
9 we're very conservative in using the completion of a
10 project in our budgetary process. So if we don't have
11 an actual where we know that's going to be done, we try
12 not to put it in our budget as a user fee that we will
13 realize in that year.

14 MR. MALEY: You cannot put it in your
15 budget.

16 MR. EUSTACE: That's right.

17 MR. MALONE: I have one clarification.
18 That may not be as significant as it seems because they
19 had current connection fees -- connections that went
20 towards the new units. So they had the motel that was
21 there and the trailer park in the back.

22 MR. EUSTACE: Joe is absolutely right.
23 We realize a minimal amount of connection fees from
24 that property.

25 MR. DEGROOT: So in other words, what we

1 local building code enforcement people to allow those
2 people to receive their building permit.

3 MR. DEGROOT: So in other words, you do
4 give estimates to them as to the hook up?

5 MR. EUSTACE: We give them real numbers.
6 Once they put in their architectural drawings we use
7 the state statute mandated for the size of the building
8 and square footage and any amenities and then, Rick, if
9 he can step in here, with the space as well as
10 warehouse space is calculated differently and then a
11 letter is generated for their S-3. That gives them the
12 actual number that will cost them to connect into our
13 system.

14 MR. COLEMAN: Subject also, Mr. Degroot,
15 to an understanding with them or any individual
16 connector that if the size increases so does the
17 connection fee.

18 MR. DEGROOT: So in other words, you have
19 a reasonable estimate, you may not report it, but a
20 reasonable estimate of the money generated for
21 connection fees in future fiscal years based on --

22 MR. EUSTACE: If the projects are on the
23 book, yes.

24 MR. DEGROOT: Would it be possible in the
25 future to put some asterisk with what these projects

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1 should expect to be in against future fiscal budgets in
2 the capital budgets, rather, the further expansion of
3 Team 85?

4 MR. EUSTACE: No, not further expansion.
5 The buildings are done, but they have not asked for
6 their user permit yet. We do not realize the
7 connection fee as revenues until a user permit is
8 issued for a building.

9 MR. DEGROOT: Okay. And then I can
10 assume that you haven't accounted for those two
11 additional projects across the street from Granger?

12 MR. EUSTACE: No, sir. They are future.
13 We have nothing on them yet. We have plans. They are
14 in the design phase, in the approval phase through the
15 engineer and such, but they are the ones that we're
16 talking about down the road.

17 MR. DEGROOT: In my request for
18 edification how do they start building without
19 approvals to start from the authority?

20 MR. EUSTACE: They don't start building.
21 We work in tandem with the township or the city.

22 MR. DEGROOT: Of course.

23 MR. EUSTACE: A building permit will not
24 be issued until such a time as all the local water,
25 sewer permits are issued and a letter is given to the

1 are and would that be in accordance with generally
2 accepted accounting?

3 MR. MALEY: Put an asterisk with the name
4 of the project?

5 MR. DEGROOT: The project and an estimate
6 but not accounted for.

7 MR. MALEY: You can do that as a memo
8 internally.

9 MR. DEGROOT: Yes.

10 MR. MALEY: Sure, yeah.

11 MR. DEGROOT: I would ask that the --

12 MR. MALONE: Let me just ask. That
13 wouldn't be part of the official financial statement if
14 that's what you're asking.

15 MR. DEGROOT: No, but it would be helpful
16 only for having a guesstimate for planning purposes.

17 MR. MALONE: Right. Well, we do that
18 continually anyway. So on a routine basis Rick would
19 be able to tell anybody, any of the members or anyone
20 else, on a routine basis what our estimate is for a
21 connection fee on any property that we have gotten
22 drawings for. So if that question came up let's say
23 six months from now and you would like to know if we
24 had any drawings that we're reviewing and any estimates
25 of a connection fee, that information would be

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1 available.

2 MR. DEGROOT: Well, normally --

3 MR. MALONE: Where do you want an
4 asterisk to be put in to?

5 MR. DEGROOT: An asterisk in the report
6 that this is not a reported on estimate. This is a --

7 MR. MALONE: What report?

8 MR. DEGROOT: The audit.

9 MR. MALONE: I'd have to defer to Jack.
10 I don't think it's part of the audit.

11 MR. MALEY: We don't normally put memo
12 information in the audit report. I think it's more of
13 an internal document.

14 MR. DEGROOT: The problem I have is
15 there's no place to get that other than if you know
16 which projects are in the works.

17 MR. MALEY: Well, I think Rick knows
18 what's in the works and has that estimate.

19 MR. MALONE: All you have to do is ask.

20 MR. LYNCH: Right. But right now what
21 we're looking at is this 2016 budget that we're looking
22 at, not something that could or could not happen in the
23 future. Plus the fact that if there's a connection fee
24 there is no guarantee of when that connection fee is
25 going to be paid because the owners of the property

1 S-1, applications will not be accepted by the authority
2 until preliminary planning board approval is given.

3 MR. DEGROOT: You misheard me. I said
4 each planning board wouldn't know the total because
5 there are two communities involved.

6 MR. EUSTACE: Again, we keep the board
7 members up-to-date on this on a meeting-by-meeting
8 basis.

9 MR. DEGROOT: And I'm sure you do and I'm
10 sure you do a wonderful job, there's no question there,
11 but to the public there's no clear statement of that.
12 That's why I've asked for a memo that would be made
13 available on request.

14 MR. MALONE: My suggestion is that you
15 make a memo available to anybody who wishes to know
16 exactly what is on the planning board or planning
17 stages for connections for sewer and put it on the web
18 site.

19 MR. EUSTACE: We'll put it on the web
20 site.

21 MR. MALONE: We'll put it on the web
22 site. How's that? Is that all right?

23 MR. EUSTACE: Potential projects. How's
24 that? We'll put it on the web site.

25 MR. DEGROOT: That's a great idea.

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1 could ask for an installment plan for the connection
2 fees which we've done in the past which could extend
3 over a period of time and transcend multiple fiscal
4 years.

5 MR. DEGROOT: However, what's happened in
6 Granger is you have received the money and don't
7 account for it until it's placed in service.
8 Understand the confusion. In the presentation there
9 were debt service requirements projected out through
10 2026 with the statement that section 612 of the 1986
11 bond resolution requires 100 percent -- 110 percent of
12 net revenues to debt service. Therefore, normal
13 planning practices would take in to account those areas
14 where you have some justification to review those
15 projects in work.

16 MR. LYNCH: Which is what they do do on
17 an ongoing basis.

18 MR. DEGROOT: But the public has no
19 access to that on an ongoing basis. We have no way of
20 knowing which ones you're doing unless we come and ask
21 specifically for the specific locations. Even a
22 planning board member in the township or the city
23 doesn't know what all the projects are that affect the
24 authority because we have two communities here.

25 MR. EUSTACE: That's not correct. The

1 MR. COLEMAN: Mr. Degroot, any other
2 questions?

3 MR. DEGROOT: No, thank you, both.

4 MR. COLEMAN: Are there any other members
5 of the public? Seeing none, Mr. Chairman, I'd like to
6 turn it over to the board at this point as to whether
7 or not any member of the board has any questions for
8 either Mr. Eustace or Mr. Maley.

9 CHAIRMAN MARINO: Any discussion? Any
10 question? Any issue? I see none.

11 MR. COLEMAN: Mr. Chairman, I believe
12 that you have -- should have a resolution before you
13 you to consider -- to consider not only the connection
14 fees that were proposed, but the rates that were
15 testified to by Mr. Eustace.

16 MR. MALONE: Can we do that the same or
17 separately?

18 MR. COLEMAN: It's all one. It should be
19 one resolution, right, Liz?

20 MS. KWELTY: Yes, one.

21 CHAIRMAN MARINO: Just bear with me for a
22 second until I see where that resolution is and we'll
23 be in good shape.

24 MR. COLEMAN: And, Mr. Eustace, just so
25 the board knows the connection fee increase will become

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1 effective immediately, correct?

2 MR. EUSTACE: No, July -- January 1st.

3 We wanted to give the people that are board right now

4 if they want to get it in as quickly as possible

5 because they've been in the planning phase.

6 CHAIRMAN MARINO: It's 65. So the way

7 the resolution -- shall I read the resolution?

8 MR. COLEMAN: You can, Mr. Chairman, if

9 you'd like. Sure. Read it by title. Maybe for this

10 purpose you could read it through for ease.

11 CHAIRMAN MARINO: It's the Resolution No.

12 2015-065. Resolution approving adjustments to the rate

13 schedule. Whereas, the Bordentown Sewerage Authority

14 published notice of the time and place of the public

15 hearing thereon in two newspapers of general

16 circulation in the area serviced by the authority and

17 mailed said notice to the clerks -- the clerk of each

18 municipality serviced by the authority all at least 20

19 days preceding the public hearing.

20 And whereas, the authority conducted a public

21 hearing on adjustments to its rate schedule on Monday,

22 November 16, 2015 at 6 p.m. at the offices of the

23 authority as indicated in the publication of notice.

24 And whereas, the authority provided evidence at the

25 hearing showing that the adjustments of its rate

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1 schedule are necessary and reasonable.

2 And whereas, the authority provided the opportunity

3 for cross-examination of persons offering such evidence

4 with the public hearing.

5 And whereas, the authority ordered that a

6 transcript of the hearing be made and a copy thereof be

7 available upon request to any interested party at a

8 reasonable fee.

9 And whereas, the authority has considered the

10 adjustment to its rate schedule as well as evidence

11 presented through direct and cross-examination as well

12 as all comments made by those members of the public in

13 attendance at the aforesaid public hearing, as well as

14 any written comments that may have been received.

15 And whereas, the authority having been satisfied

16 from all of the evidence and comments presented that

17 the adjustments of the rate schedule are in accordance

18 with the statute and are reasonable and necessary.

19 Now, therefore, be it resolved this 16th day of

20 November 2015 that the adjustments to the rate

21 schedule, as attached to this resolution, be and the

22 same are hereby approved and adopted by the authority.

23 Be it further resolved that the adjustments to the

24 rate schedule as set forth in Schedule A attached shall

25 become effective on January 1, 2016.

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1 Be it further resolved that the provisions of the

2 Bordentown Sewerage Authority rules and regulations

3 pertaining to the time or times when and the place or

4 places where such charges shall be due and payable be

5 and the same are hereby incorporated herein by

6 reference.

7 Be it further resolved that a copy of the rate

8 schedule in effect shall be at all times be kept on

9 file at the office of the authority and shall at all

10 reasonable times be open to public inspection.

11 MR. MONSON: So moved.

12 CHAIRMAN MARINO: It's been moved. Is

13 there a second?

14 MR. TARGONSKI: Second.

15 CHAIRMAN MARINO: Moved and seconded.

16 All in favor -- shall we do a roll call vote?

17 MR. COLEMAN: Roll call.

18 MS. KWELTY: Mr. Marino?

19 CHAIRMAN MARINO: Yes.

20 MS. KWELTY: Mr. Lynch?

21 MR. LYNCH: Yes.

22 MS. KWELTY: Mrs. Gulbinsky?

23 MRS. GULBINSKY: Yes.

24 MS. KWELTY: Mr. Targonski?

25 MR. TARGONSKI: Yes.

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1 MS. KWELTY: Mr. Malone?

2 MR. MALONE: Yes.

3 MS. KWELTY: Mr. Monson?

4 MR. MONSON: Yes.

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CERTIFICATE

I, KATHLEEN INTROCASO, License No. XI01728, a
Certified Court Reporter of the State of New Jersey and
Notary Public, do hereby certify that prior to the
commencement of the examination the witness(es)
was/were duly sworn by me.

I DO FURTHER CERTIFY that the foregoing is a true
and accurate transcript of the testimony as taken
stenographically by and before me at the date, time,
and place aforementioned.

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 the
action.

I DO FURTHER CERTIFY that this transcript
has been prepared in accordance with NJ ADC 13:43-5.9.

KATHLEEN INTROCASO
CCR LICENSE # XI 01728
EXPIRATION DATE: 6/30/16
A CERTIFIED COURT REPORTER
OF THE STATE OF NEW JERSEY

**BORDENTOWN SEWERAGE AUTHORITY
ENGINEER'S STATUS REPORT
FOR NOVEMBER 2015 MEETING
PREPARED BY REMINGTON VERNICK & ARANGO (RV&A)
ENGINEERS**

PLANT TOPICS

NJPDES Permit Response: In September the Authority provided comments on the NJDEP draft permit objecting to new nitrate limits. The draft permit contains a significant requirement for nitrate reduction which the plant is not capable of accomplishing without substantial process additions.

DEVELOPMENT TOPICS:

- **Bordentown Waterfront Community:**

Phase I: Apartment units that are being occupied by the new residents have their wastewater flowing to the pump station. The pump station is operational. BSA personnel are monitoring its operation but it is still owned by the Applicant. The contractor is working on miscellaneous minor construction items. **The Authority will soon receive an application for Quik Check mini-mart/gas station that will be in close proximity to the pump station.**

Phase II: In design. The site layout for the entirety of Phase II has not been submitted to date. **In early 2015 a NJ Transit railroad crossing permit application had been submitted on behalf of the Applicant by our office but is still under the NJ Transit review process.** No other action.

- **East Haven (aka Thorntown Lane) Development:** On-site wastewater conveyance system construction is substantially completed. At a later date video camera work will be conducted and information location on each lateral connection will be added to the as-builts.

- Central Crossings: Flow from this development is subject to restrictions present in the Rising Sun Road pump station and force main system:
 - Grainger:
 - Building Number 1: Building number 1 is under construction.
 - Route 206 Bypass Force Main: **A NJDOT precon was held Thursday, October 22 at the BSA offices. At that time a NJTA traffic permit still needed to be issued before construction could commence. Construction will extend over a five week period. The Applicant's engineer/contractor is the party who is responsible for the document acquisition and scheduling.**
 - Building No. 2W: A meeting with the Applicant occurred on Thursday June 18th where the Applicant took the position that this building is not subject to the original developer's agreement as that was signed by a different corporation who owns the corporate park. The Authority solicitor provided a response expressing the Authority's positions.
 - Central Crossing Amboy Bank Building No. 3: The agreement for installation of the Route 206 sewer main upgrades adjacent to the Armory and, if needed, the entire Rising Sun Road pump station force main is completed and signed. **For upgrading the sanitary sewer piping from 8 inch to 15 inch diameter the Applicant's engineer just submitted the NJDEP Treatment Works Permit application using open cut techniques. Concurrently, an S-1/S-3 application for Building No. 3 has been received and the Applicant has been made aware that the Authority's occupancy permit endorsement for the building is dependent on the downstream facilities being upgraded.**
- Holiday Inn Express (Route 206 Edgewood Motel Site): **Sanitary sewer main installation work is to start today, Monday, November 16th.**
- Holiday Inn Express (Route 206 by Mansfield Border): BSA representatives met with this interested developer on March 10th to discuss Rising Sun Road conveyance system issues. This is the first conveyance system meeting for this project that has been on/off for 15 years. No recent action.
- Love's Tire Repair Shop At Rising Sun Road Connector Road: A review letter has been provided to the Applicant. No recent action.

- Bordens Crossing: A progress meeting was held with Amboy Bank the current Phase 4 owner on April 9th to review outstanding work. Amboy bank is in dispute with Kor regarding ownership of Phases 1-3.
- Harris Automotive: Located at the corner of Municipal Drive and Route 206: New application for a privately owned package pump station inside the building and a force main system in Municipal Drive. **The review process will end this week and a tentative preconstruction meeting is scheduled for December 1st.**
- Dunkin Donuts: The Applicant has requested a performance bond release. **Final as-builts have been re-submitted.**
- Bordentown Factory: Construction work is ongoing. Authority personnel are monitoring various aspects of the proposed work such as the lateral installation.

End of Report

Prepared by Richard B. Czekanski, PE, BCEE, CME