

BORDENTOWN SEWERAGE AUTHORITY
MEETING MINUTES
August 15, 2016

The meeting was called to order by Chairman, James E. Lynch, Jr., 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 27, 2016,
- b. Mailing written notice to THE TIMES and BURLINGTON COUNTY TIMES on February 27, 2016; 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 27, 2016.

The following persons were in attendance: Board Members James E. Lynch, Jr., M. Ellen Gulbinsky, Stephen Monson, Leonard J. de Groot, Zigmont F. Targonski, and Joseph R. Malone III. 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, the Authority's Auditor John J. Maley, and Township of Bordentown Liaison Deputy Mayor Stephen Benowitz.

RATE HEARING

On motion by de Groot, seconded by Monson, it was moved to adopt Resolution 2016-054 approving the proposed amendments to the rate schedule effective January 1, 2017.

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

Recorded vote:

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

On motion by Gulbinsky, seconded by Targonski, it was moved to approve the regular meeting minutes and executive session minutes of the July 25, 2016 meeting.

No discussion on the minutes.

Recorded vote:

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

On motion by de Groot, seconded by Targonski, it was moved to adopt Resolution 2016-055, approving the August payment of bills from the Operating Fund in the amount of \$167,851.80 of which \$102,927.93 is a payroll transfer and \$8,581.66 is a capital expense.

No discussion on this Resolution.

Recorded vote:

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

On motion by Gulbinsky, seconded by Targonski, it was moved to adopt Resolution 2016-056, approving the payment of August bills from the Escrow Fund in the amount of \$1,383.85.

No discussion on this Resolution.

Recorded vote:

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

On motion by Targonski, seconded by Malone, it was moved to adopt Resolution 2016-057, approving the credits and/or refunds of customer accounts in the amount of \$76.89.

No discussion on this Resolution.

Recorded vote:

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

I. AGENDA ITEMS FOR DISCUSSION AND/OR ACTION:

A. SALARY RESOLUTION

On motion by Malone, seconded by Targonski, it was moved to adopt Resolution 2016-058, authorizing hourly increase for Thomas Redwood, C-4 operator.

Mr. Eustace mentioned that Mr. Redwood passed the C-4 test which is the top license for collection system operators. A previously voted on license pay rate schedule gives Mr. Redwood a \$0.75 per hour pay increase.

Recorded vote:

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

B. POLYMER:

On motion by Gulbinsky, seconded by Targonski, it was moved to adopt Resolution 2016-059, authorizing the award of contract to Coyne Chemical Company in the amount of \$5,298.13 for 1,984.32 pounds of BASF Zetag 7563 Polymer (36-55.12 pound bags).

No discussion on this Resolution.

Recorded vote:

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

C. BUDGET INTRODUCTION TO BOARD

The board members were provided with preliminary budget figures for budget year December 1, 2016 – November 30, 2017. The board will vote on the Authority's budget at the September meeting.

II. PROFESSIONAL REPORTS:

A. EXECUTIVE DIRECTOR:

OPEN SEWER CONNECTION ACCOUNTS:

Apco Petroleum (243 Route 130) 7-11 Convenience Store;
Approval of S-3 application and approval of grease trap.

Mr. Czekanski explained that the gas station on the corner of Route 130 and Farnsworth Avenue is planning to expand the number of gas pumps, demolish the existing garage, and put in a 7-11. With the construction of the 7-11 there will be a grease trap installed. The review process requires all grease traps that are not buried grease traps to go before the board for review.

On motion by Malone, seconded by Targonski, it was moved to approve an above floor grease trap for Apco Petroleum.

Recorded vote:

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

Mr. Eustace provided an update about the Bordentown Waterfront performance guarantee. The bond will be released once the maintenance bond is accepted and the Authority will then take ownership of the pump station and force main at that time.

RELEASE OF PERFORMANCE BOND

On motion by Malone, seconded by Monson, it was moved to adopt Resolution 2016-060, authorizing the release of a performance bond number 106051524 for Gray Construction for the Central Crossings Business Park force main, contingent on approval from the solicitor and engineer.

Recorded vote:

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

Route 206 Update (Rising Sun Road Pump Station)

Amboy bank contacted Mr. Eustace today. They want to have pre-construction meeting just after the Labor Day holiday, and expect to start construction in October. Trammell Crow has submitted the S-1, S-2, and S-3 applications for the force main on Route 206.

The executive director spent 7.00 hours and the administrative staff spent 9.50 hours on developer projects.

B. GENERAL COUNSEL:

Mr. Coleman briefly updated the board on the month's activities. Mr. Coleman's time was spent on items already covered in the meeting, except for a personnel issue to be discussed later.

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 PARTICPATION:

In attendance was Township Liaison Stephen Benowitz, Authority Auditor John J. Maley Jr., and Mr. Walt Kosul of 539 Route 206. There were no comments from the public.

On motion by Gulbinsky, seconded by Targonski, it was moved to approve Resolution 2016-061 and meet in Executive Session.

Recorded vote:

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

On motion by Gulbinsky, seconded by Targonski, it was moved to leave executive session.

Recorded vote:

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

On motion by Targonski, seconded by Malone, it was moved to adjourn the meeting at approximately 7:10 p.m.

Recorded vote:

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

Respectfully submitted,

APPROVED ON:

September 19, 2016


Stephen Monson, Secretary

Page 1

Page 3

BORDENTOWN SEWERAGE AUTHORITY
954 FARNSWORTH AVENUE
BORDENTOWN, NJ 08505

IN RE:

RATE HEARING

MEETING OF SEWERAGE AUTHORITY

AUGUST 15, 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:

JAMES E. LYNCH, JR. - CHAIRMAN
ELLEN GULBINSKY - VICE CHAIRWOMAN
STEPHEN MONSON - SECRETARY
LEONARD J. de GROOT - TREASURER
JOSEPH R. MALONE, III - ASSISTANT SECRETARY
ZIGMONT F. TARGONSKI - ASSISTANT SECRETARY

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

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Page 2

Page 4

CHAIRMAN LYNCH: Item 4, Tom, I guess we'll start the rate hearing.

MR. COLEMAN: Certainly. Thank you, Mr. Chairman. Ladies and gentlemen, members of the board, good evening. This is, as we did last year and we do every year, this is a public hearing conducted pursuant to New Jersey statutes. The statutory scheme requires that every sewerage authority in the State of New Jersey each year revisit its schedule of rates, fees, connection fees, and so forth. And that's what we're going to do this evening.

Notice of this meeting was published in The Times of Trenton on July 18th and The Burlington County Times on July 17th and was served on the municipal clerks of the City of the Bordentown and the Township of Bordentown on July 14th, all more than 20 days prior to the meeting which is again required by the statute.

The hearing this evening as we did last year will be conducted in the following manner: The Authority is going to offer the testimony of two witnesses this evening, Mr. Eustace, our executive director, and Jack Maley, our appointed auditor. After the witnesses testify, the meeting will be open to the public and any member of the public will be afforded an opportunity to cross-examine the witnesses, make a statement, or offer

their own testimony into the record. After that is completed I'll turn the matter over to the Board for their consideration of the testimony that's been provided.

CHAIRMAN LYNCH: Thank you, Tom.

MR. COLEMAN: So with no further ado, Mr. Eustace, are you ready?

MR. EUSTACE: I'm ready.

MR. COLEMAN: Mr. Eustace, do you swear that the testimony you're about to provide this evening is the whole truth and nothing but the truth so help you God?

MR. EUSTACE: I do.

MR. COLEMAN: So, Mr. Eustace, who are you employed by?

MR. EUSTACE: The Bordentown Sewerage Authority.

MR. COLEMAN: And in what capacity?

MR. EUSTACE: Executive director.

MR. COLEMAN: And are you familiar with the procedure as outlined in the New Jersey statutes for the calculation of connection fees?

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

MR. COLEMAN: Did you have, Rick, an opportunity to recompute the connection fees for this Authority as of the end of the previous fiscal year?

MR. EUSTACE: Yes, I did. First I determined the average daily usage for a single-family residence in the service area of the authority. I used the study period 2015. My study area was comprised exclusively of single-family residences and included all single-family residences in our service area. There were 4,782 single-family residences in the study area. There were 258,397,000 gallons of water used in the study area during the study period. Dividing that number by the number of single-family residences in the study area and by 365 days, I calculated that the average water usage for a single-family residence served by the authority during the study period was 148 gallons per day.

Once I had the number of gallons per day of usage by a single-family residence, I was able to determine the number of service units in the Authority's system. I calculated that the total gallons of water billed to all customers in the system during the same study period was 393,624,000 gallons. This equals an average usage of 1,078,422 gallons per day.

Dividing that number by the average single-family

Page 5

Page 7

1 usage of 148 gallons per day, I calculated that there
2 were 7,287 service units in the system based on
3 statutory formula as of the end of the immediately
4 preceding year.

5 Our auditor calculated the capital base of the
6 Authority in the sewerage system in accordance with
7 statutory formula contained in N.J.S.A 40:14A-22. The
8 capital base of the Authority in its sewerage system as
9 of the end of the immediately preceding fiscal year
10 amounted to \$66,291,216.

11 I calculated the connection fee for a residential
12 dwelling unit by dividing the capital base by the
13 number of service units. The connection fee per
14 residential dwelling unit came to \$9,184.

15 I then divided the connection fee per residential
16 dwelling unit by the average number of gallons per day
17 for a single-family residence to determine the
18 connection fee per gallon per day for nonresidential
19 customers. The connection fee per gallon per day for
20 nonresidential customers came to \$62 per gallon per
21 day, with a minimum connection fee equal to the
22 connection fee that is charged to residential users.
23 Mathematically, the rate per gallon is the same for
24 both residential and nonresidential users. Not all
25 residential users will reach the average residential

1 formula and are designed to have a customer pay a
2 proportionate share of the sewerage system in the
3 manner required by law.

4 MR. COLEMAN: Rick, do you have any
5 further testimony you'd like to offer solely with
6 respect to the connection fees?

7 MR. EUSTACE: Not at this time.

8 MR. COLEMAN: Okay. Mr. Chairman, that's
9 all the testimony that I'd like to offer to connection
10 fees. So with your permission I'd like the Board to
11 open it to the public for connection fee questions
12 only.

13 CHAIRMAN LYNCH: Okay. Connection fee
14 discussion from the public, any questions or comments?

15 MR. KOSUL: The question I have with
16 connection fees --

17 MR. COLEMAN: Can we have your name and
18 address for the record, please?

19 MR. KOSUL: Walter Kosul, 539 Route 206,
20 Bordentown Township.

21 MR. COLEMAN: Thank you.

22 MR. KOSUL: Connection fees is that
23 considered the usage fee?

24 MR. EUSTACE: The connection fee is for a
25 new customer that comes in and pays his proportionate

Page 6

Page 8

1 usage, but they pay a connection fee as though they
2 had. To be fair and consistent, we charge a
3 nonresidential customer a minimum connection fee as
4 though they had reached the average residential usage.

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

16 MR. COLEMAN: Rick, thank you. So in
17 your opinion, are the proposed revisions to the
18 connection fee rate schedule both necessary and
19 reasonable?

20 MR. EUSTACE: Yes, they are both
21 necessary and reasonable in amount. They are necessary
22 since the statute requires the Authority to recalculate
23 its connection fees at the end of each fiscal year.
24 They are reasonable in amount since the connection fees
25 were calculated in accordance with the statutory

1 share of the system to connect into the system.

2 MR. KOSUL: Your reported is lacking on
3 usage fees, though, right?

4 MR. COLEMAN: We didn't get there yet.

5 MR. KOSUL: Then I guess I don't got no
6 questions yet.

7 CHAIRMAN LYNCH: Anyone else?

8 MR. MONSON: Mr. Chairman, one question,
9 in the single-family residence does that include town
10 homes and condos?

11 MR. EUSTACE: Yes.

12 MR. MONSON: Okay.

13 MR. de GROOT: This goes into effect in
14 January?

15 MR. EUSTACE: January 1.

16 MR. de GROOT: If customers connect
17 before then do they get the old rate?

18 MR. EUSTACE: Yes, sir.

19 MR. de GROOT: Thank you.

20 MR. MONSON: One other question, Mr.
21 Chairman. What about rental units when there are
22 apartment complexes, how do we count them?

23 MR. EUSTACE: The same way. Everything
24 is equal.

25 CHAIRMAN LYNCH: They're not treated any

<p style="text-align: right;">Page 9</p> <p>1 differently.</p> <p>2 MR. MONSON: So essentially each unit in</p> <p>3 a rental is a single-family unit for the purposes of</p> <p>4 this?</p> <p>5 MR. EUSTACE: Yes.</p> <p>6 MR. MONSON: Thank you.</p> <p>7 CHAIRMAN LYNCH: Any other questions?</p> <p>8 Anybody else from the Board, I guess? Okay. Tom,</p> <p>9 proceed.</p> <p>10 MR. COLEMAN: Thank you, Mr. Chairman.</p> <p>11 Seeing no further questions, Mr. Eustace, again, I want</p> <p>12 to remind you that you're under oath and I'm going to</p> <p>13 move into the usage portion of the hearing.</p> <p>14 Mr. Maley, do you swear that the testimony you're</p> <p>15 about to provide this evening is the whole truth and</p> <p>16 nothing but the truth so help you God?</p> <p>17 MR. MALEY: I do.</p> <p>18 MR. COLEMAN: Thank you, Mr. Maley.</p> <p>19 Could you state your name for the record and your</p> <p>20 relationship with the Authority?</p> <p>21 MR. MALEY: My name is John J. Maley, Jr.</p> <p>22 I'm the appointed auditor for the sewer authority.</p> <p>23 MR. COLEMAN: And could you, Jack, just</p> <p>24 provide your qualifications for the record, please?</p> <p>25 MR. MALEY: I have audited sewer</p>	<p style="text-align: right;">Page 11</p> <p>1 municipality would. There is a detailed process to</p> <p>2 issue bonds to fund our capital needs. From a money</p> <p>3 management perspective, it would be advantageous to</p> <p>4 fund our smaller capital projects that come in from</p> <p>5 time to time through the bonding process, but we really</p> <p>6 can't, so we use the money we have on hand that is in</p> <p>7 reserve. As in previous years, the Authority will be</p> <p>8 depleting the reserves to fund the budget.</p> <p>9 For budget year ending November 30, 2016, \$1.9</p> <p>10 million of connection fee reserve was used to balance</p> <p>11 the budget. While we have done what I believe is a</p> <p>12 good job in maintaining and highlighting areas in the</p> <p>13 system that could be problematic and have gone to the</p> <p>14 wastewater trust and have received monies to fix up</p> <p>15 these areas in need of repair, the treatment plant is</p> <p>16 now 30 years old and much of the equipment in the</p> <p>17 treatment plant is reaching its nominal life. It will</p> <p>18 become necessary to start spending upwards of 2 to</p> <p>19 \$300,000 a year to refurbish equipment. If we continue</p> <p>20 on the path of using the reserves to balance and</p> <p>21 stabilize our budgets then we will not be able to fund</p> <p>22 future capital projects to maintain and upgrade our</p> <p>23 current treatment facilities in order to satisfy</p> <p>24 current NJDEP rules and regulations.</p> <p>25 MR. COLEMAN: Rick, is there anything</p>
<p style="text-align: right;">Page 10</p> <p>1 authorities, utilities, municipalities, and school</p> <p>2 districts for the past many years.</p> <p>3 MR. COLEMAN: How long have you been a</p> <p>4 certified public accountant?</p> <p>5 MR. MALEY: For approximately 30 years.</p> <p>6 MR. COLEMAN: And how long have you</p> <p>7 worked with this particular authority?</p> <p>8 MR. MALEY: About 19 years.</p> <p>9 MR. COLEMAN: So it's fair to say that</p> <p>10 you are familiar with this Authority's finances?</p> <p>11 MR. MALEY: That's correct.</p> <p>12 MR. COLEMAN: Okay. Mr. Eustace, have</p> <p>13 you had an opportunity to perform a separate</p> <p>14 calculation or study to determine whether the current</p> <p>15 service charges for this Authority are sufficient to</p> <p>16 pay the operating expenses, the debt service, and to</p> <p>17 provide a sufficient reserve for you to operate</p> <p>18 properly?</p> <p>19 MR. EUSTACE: I did. It is important to</p> <p>20 note that the Authority needs to maintain a sufficient</p> <p>21 reserve for other expenses in the forthcoming years.</p> <p>22 You need to have a sufficient reserve that will not</p> <p>23 restrict your cash flow needs for operating budget</p> <p>24 purposes and more importantly, for your capital budget</p> <p>25 because we don't have the ease of funding as perhaps a</p>	<p style="text-align: right;">Page 12</p> <p>1 further you'd like to add with respect to your study of</p> <p>2 the Authority's finances?</p> <p>3 MR. EUSTACE: Yes, I would. Yes, I would</p> <p>4 like to review prior years' operating budgets. The</p> <p>5 overall budgets have not increased significantly</p> <p>6 year-to-year, and we were able to fund those budgets</p> <p>7 with the revenues that were brought in. We can no</p> <p>8 longer do that. The revenue isn't there any longer.</p> <p>9 If you want to take a look at your annual budgets and</p> <p>10 what we've used in our annual budgets actual</p> <p>11 expenditures.</p> <p>12 MR. COLEMAN: So, Rick, why don't we have</p> <p>13 this marked as we'll just say this is Exhibit A-1?</p> <p>14 MR. EUSTACE: Exhibit A-1.</p> <p>15 (A-1, Actual Operating Expenditures (less</p> <p>16 depreciation), 1 page, is marked for identification.)</p> <p>17 MR. COLEMAN: And what is this that you</p> <p>18 shared with us?</p> <p>19 MR. EUSTACE: The overall budgets have</p> <p>20 not increased significantly year to year. We were able</p> <p>21 to fund these budgets with the reserves. What this</p> <p>22 document depicts is our operating budget from the year</p> <p>23 2008 through the year 2015. As you can see, on an</p> <p>24 annual basis, the Authority has not spent the entire</p> <p>25 operating budget. In fact, in the years between 2008</p>

<p style="text-align: right;">Page 13</p> <p>1 and 2015 the operating budget has increased by only 2 \$108,906. This is an average increase of \$13,613 a 3 year or a 0.55 percent actual spending increase in the 4 Authority's operating budget. 5 It's important to note that a big part of our 6 overall budget is debt service. 7 MR. COLEMAN: We'll mark this, Rick, as 8 Exhibit A-2. 9 (A-2, Debt Service Requirements for the years 2011 10 through 2026, 1 page, is marked for identification.) 11 MR. EUSTACE: Okay. When the 12 opportunities arose we quickly jumped to refinance the 13 debt and save millions of dollars or more over the 14 years in budgetary cost. Over the next four years, our 15 annual debt service, as seen on the document before 16 you, will be its highest over the life of the 17 amortization schedule. 18 At the time Ocean Spray left there was a loss of 19 \$500,000 a year in sewer rents. The Authority raised 20 rates 10 percent effective January 1st, 2016 expecting 21 approximately \$325,000 in additional revenues. Excuse 22 me. We've elected to mitigate the consequences of this 23 rate increase as best we could by agreeing to revisit 24 the possibility of future increases on an annual basis. 25 MR. COLEMAN: So in light of this</p>	<p style="text-align: right;">Page 15</p> <p>1 as he just stated on the record? 2 MR. MALEY: Yes, I have. I find the 3 calculations prepared by Mr. Eustace and his staff to 4 be sound and reasonable. 5 MR. COLEMAN: Thank you. Rick, to come 6 to the recommendations and conclusions that the 7 increased rates are necessary in the amount that you 8 testified, I take it that what you've done was a 9 projected budget for the next five years and then 10 determined what revenues would be necessary to meet 11 those budgeted expenses, is that correct? 12 MR. EUSTACE: That's correct. I looked 13 at the budget totals to see where we thought we had to 14 be to fund the budget next year and arrived at these 15 rates for increases. With this rate increase, it is 16 important to note we will still operate in a deficit 17 position financially next year. I believe more than 18 likely we'll need another rate increase in next year as 19 well. 20 MR. COLEMAN: With respect, Rick, to 21 connection fees what projection did you look at? Did 22 you take into consideration that they would be flat 23 moving forward or relatively static? 24 MR. EUSTACE: We did. Connection fees 25 projected for 2017 to be added to our current reserves</p>
<p style="text-align: right;">Page 14</p> <p>1 testimony, Rick, what rates are you specifically 2 proposing to adjust? 3 MR. EUSTACE: A sewer rate of 12 percent 4 to be effective January 1st, 2017. For residential 5 customers, the rates would increase to \$2.96 per 1,000 6 gallons and \$86.12 in base per quarter charges for the 7 current rate -- from the current rate of \$2.64 per 8 1,000 gallons and 76.89 in base per quarter charges. 9 The average residential customer in 2015 used 13,320 10 gallons her quarter. A 12 percent increase equals an 11 additional \$13.45 per quarter for the average user. 12 For nonresidential customers, hotels, motels, the 13 base rate per unit will increase to \$43.06 per quarter 14 with a consumption rate of \$2.96 per 1,000 gallons. 15 For nonresidential, general, the base rate unit will 16 increase to \$86.12 a quarter with a consumption rate of 17 \$2.96 per 1,000 gallons. For nonresidential, schools, 18 the base quarter rate will increase to \$86.12 per 19 quarter with a consumption rate of \$2.96 per 1,000 20 gallons. 21 The schedule of proposed rates has no increase 22 provided for senior citizens. The rates remain 23 unchanged. 24 MR. COLEMAN: Mr. Maley, have you had an 25 opportunity to review and confirm Rick's calculations</p>	<p style="text-align: right;">Page 16</p> <p>1 we think we're right on target at \$500,000 and then in 2 2018 we think an additional \$500,000, but in '19 and 3 '20 we have nothing included. 4 MR. COLEMAN: And the budgeted amount for 5 the connection fees would be in line with recent past 6 Authority history and projects that may be coming into 7 the system? 8 MR. EUSTACE: Yes. 9 MR. COLEMAN: Mr. Maley, in your opinion 10 are the rates as testified to by Mr. Eustace and the 11 adjustments to the sewer service charges necessary for 12 this Authority to maintain good financial health? 13 MR. MALEY: Yes, I believe these rate 14 increases are necessary to fund the operating and 15 capital budgets of the Authority. 16 MR. COLEMAN: Jack, in your opinion are 17 they reasonable, are these rates reasonable in amount 18 given the budgeted expenses and the connection fees 19 that are expected moving forward? 20 MR. MALEY: Yes, in my opinion these 21 rates are reasonable. 22 MR. COLEMAN: Mr. Chairman, unless the 23 Authority members has any questions, I have no further 24 testimony to elicit from either Mr. Eustace or Mr. 25 Maley. As we did with the connection fees, I'd like</p>

Page 17

Page 19

1 the Board to open it up to the public for
2 cross-examination or questions.
3 CHAIRMAN LYNCH: Okay. Any questions
4 from the public?

5 MR. BENOWITZ: Steve Benowitz, 34 Van
6 Drive, Bordentown. You mention that there's 1.9
7 million connection fee reserve to balance the budget.
8 Am I correct in that?

9 MR. EUSTACE: That's correct.

10 MR. BENOWITZ: But was that ever done
11 before?

12 MR. EUSTACE: We've been balancing the
13 budget with those kinds of reserves since 2008, yes.

14 MR. BENOWITZ: Since?

15 MR. EUSTACE: 2008, just not to that
16 extent.

17 MR. BENOWITZ: The other thing is I
18 apologize, but I'm sitting here trying to listen to
19 what you said. The residential user again the 12
20 percent increase you were talking about \$2.96 per 1,000
21 gallons. What was it after that? I missed that.

22 MR. EUSTACE: Okay. I can give you this
23 whole thing but for residential customers the rates
24 would increase to 2.96 per 1,000 gallons from 2.64.

25 CHAIRMAN LYNCH: And then he went on.

1 tax abatement through the city and the township then
2 that document is sent over to us and then they get the
3 senior citizen rate from the sewer authority.

4 MR. KOSUL: What tax abatement?

5 MR. EUSTACE: I'll have to let one of the
6 commissioners answer.

7 MR. TARGONSKI: There's certain criteria
8 that the State of New Jersey implemented by law and its
9 income driven. So if you make a certain amount --
10 under a certain amount you get the senior citizen
11 reduction in taxes.

12 MR. KOSUL: Is that the Homestead rebate
13 you're talking about?

14 MR. TARGONSKI: No, it's not the
15 Homestead rebate.

16 MR. KOSUL: What are we talking about?

17 MR. COLEMAN: There's a statute, Mr.
18 Kosul, specifically.

19 MR. MALEY: 250 bucks. Once you qualify
20 for that 250 deduction with the locality then you can
21 qualify here.

22 MS. GULBINSKI: Do you know the income
23 number by any chance?

24 MR. MALEY: No, I do not. It used to be
25 10,000. I think it may have been increased to 15, but

Page 18

Page 20

1 MR. EUSTACE: You want to know what the
2 quarterly charge is going to be for an average
3 residential customer? Is that what you want? It's
4 going to be approximately \$13.45 per quarter more.

5 MR. BENOWITZ: That's with the 12 percent
6 increase?

7 MR. EUSTACE: That's correct. That's
8 counting the service charge as well as the consumption
9 charge.

10 MR. BENOWITZ: You said \$13.45?

11 MR. EUSTACE: More per quarter.

12 CHAIRMAN LYNCH: That's using 13,000
13 gallons as your average usage.

14 MR. BENOWITZ: I don't think that's
15 changed too much over many years, has it?

16 CHAIRMAN LYNCH: No.

17 MR. BENOWITZ: It could be more.

18 CHAIRMAN LYNCH: Any other questions from
19 the public?

20 MR. KOSUL: Yeah, a question, you used
21 the word flat rate on senior citizens. What is your
22 definition of a senior citizen to qualify for that?

23 MR. EUSTACE: The way that we get that is
24 they have to meet the criteria of the tax abatement
25 through the city or the township. Once they get the

1 I'm not certain.

2 MR. COLEMAN: The tax collector of every
3 municipality has a form, an application form, that's
4 driven right off of what the statute says. And if you
5 fill it out and you qualify then you fall under that
6 bucket and you get his static rate.

7 MR. KOSUL: But we're dealing with a
8 sewerage authority with water and all that stuff.
9 Don't we have to use today's standard of living
10 caretakers and so forth that's going to use more usage
11 than a normal senior would use? My concern is why
12 can't we just have a slight increase to that area?

13 MR. EUSTACE: If they have more
14 consumption, they'll pay for the consumption
15 accordingly to the old rates, but they'll also have
16 their quarterly charge will stay at the fixed rate.
17 The usage rate will stay the same. If a new person
18 were to move into that house, it would lose the senior
19 citizen status as soon as the senior citizen doesn't
20 own the house any longer. Then they would go back
21 right into the pool of just regular payers.

22 MR. KOSUL: Yeah, but the word senior
23 sometimes bothers me that they should be with -- they
24 should have some kind of a consideration too with a
25 slight increase.

Page 21

Page 23

1 Then the connection fee bothers me. You love your
2 connection fees. Is that standard with everybody else
3 in the area?

4 MR. COLEMAN: We're not treating our
5 connection fees differently than any other
6 municipality, sewerage authority, or MUA does in the
7 State of New Jersey.

8 MR. KOSUL: I'm talking about the
9 percentage, the rate.

10 MR. COLEMAN: It doesn't matter.

11 MR. KOSUL: Yes, it does. It's called
12 money.

13 MR. COLEMAN: I understand what money is.
14 Let me finish. The calculation that Rick went through
15 we didn't pull that out of thin air. We pulled it
16 right out of the statute. And we plugged in the
17 numbers that the auditor gave us. And then he
18 calculates and we plugged it in. We're using exactly
19 what the statute says. I can't deviate from it.

20 MR. KOSUL: Now, my question also is
21 future or past projects, Ocean Spray seems to be one of
22 your biggest problems. Is there anticipation that
23 that's going to kind of correct itself in the next
24 couple of years?

25 CHAIRMAN LYNCH: It's not one of our

1 little bit, the problems are several. Even if we
2 haven't lost Ocean Spray we have a debt service
3 problem. What it did is each exacerbated the other.

4 MR. KOSUL: I can't hear you. You've got
5 to speak up.

6 MR. de GROOT: Each exacerbated the
7 other. As for connection fees, we have no say on that.

8 MR. KOSUL: You don't?

9 MR. de GROOT: We have no say on
10 connection fees at all, the rates. It's done standard
11 throughout the State of New Jersey.

12 CHAIRMAN LYNCH: That's the state statute
13 that Tom just explained to you. That can't be --
14 connection fees cannot be audited.

15 MR. KOSUL: The state tells us what it's
16 supposed to be?

17 CHAIRMAN LYNCH: Pretty much, yeah.

18 MR. MALONE: They give you the
19 calculation. They don't give you the amount.

20 MR. COLEMAN: No, the legislature --

21 MR. KOSUL: Just for a study. You can
22 still come up with your own percentages or numbers,
23 right?

24 MR. MALONE: Say that again?

25 MR. KOSUL: Your own numbers for the

Page 22

Page 24

1 problems. It is a problem because they're not in
2 business anymore and we lost all the consumption and
3 that income. So the sewer authority lost money on --
4 income on the sewer side. The city lost it on the
5 water side. We can't speak of what the future of Ocean
6 Spray is going to be right now because they just got
7 done a redevelopment study. And there are people
8 looking at it and there are various different options,
9 but nothing is in stone right now.

10 MR. MALONE: It is under contract for
11 sale.

12 THE WITNESS: Sale but it doesn't say
13 what's going to be there yet?

14 MR. MALONE: No. There's going to be
15 partially residential and partial commercial.

16 MR. KOSUL: Is there any future projects
17 being considered in the township?

18 MR. EUSTACE: If you look at our website
19 we put any projects that are in the S-3 stage we'll put
20 them on our website so you can see what projects are
21 going on in the town. We don't put hearsay on the
22 website, but anything that's got a project number
23 that's up to the S-3 application then we post it on our
24 website on what the project is.

25 MR. de GROOT: To try and clear it up a

1 connection fee?

2 MR. MALONE: You have to use the formula
3 that the state gave you and plug in the numbers that we
4 have to come up with the amount.

5 MR. de GROOT: The only effect we have is
6 if we affect the components of the calculations. For
7 example, if we have more users or there are more users.

8 MR. KOSUL: The time should come when
9 we're going to get more users. You know, the township
10 is giving away the ship right now.

11 CHAIRMAN LYNCH: Let's answer your
12 questions first. I understand what you're saying.
13 Did we answer your question for you?

14 MR. KOSUL: So far.

15 CHAIRMAN LYNCH: Do you have any other
16 questions?

17 MR. KOSUL: Only what I've been doing,
18 that's all.

19 CHAIRMAN LYNCH: What's that?

20 MR. KOSUL: Only what I've been saying
21 and moving forward with future projects.

22 CHAIRMAN LYNCH: Right. And that's going
23 to happen.

24 MR. KOSUL: And why can't we have an
25 increase in the senior group since they're a usage too?

Page 25

Page 27

1 CHAIRMAN LYNCH: Anything else from the
2 public? Steve?

3 MR. BENOWITZ: Just so I have it clear in
4 my mind going back to the 1.9 million connection fee
5 reserve, now that's been done since 2008?

6 CHAIRMAN LYNCH: In some shape or form.

7 MR. BENOWITZ: Has it been approximately
8 the same amount so I have an understanding?

9 CHAIRMAN LYNCH: No, it hasn't been that
10 high.

11 MR. BENOWITZ: It's never been that high?

12 CHAIRMAN LYNCH: No. If you remember
13 years ago some of the criticism of the sewer authority
14 was the fact that we had money in reserve and was
15 sitting there. And everybody was like we should use
16 it. In some cases we actually gave a rebate back to
17 the public a couple of years in a row there to knock
18 that reserve down a little bit. We're at the point now
19 where that money is basically gone or it will be gone.
20 So we need to make sure that the Authority is whole and
21 the city and the township who back us are whole as
22 well. That's what drives it.

23 MR. BENOWITZ: The other thing in answer
24 to -- well, not in answer to Mr. Kosul's question, but
25 when you're talking about unanticipated development,

1 public. I mean, you know, we work for you. So we're
2 here for you.

3 MR. COLEMAN: It's important to note, Mr.
4 Chairman, statutorily we're obligated to revisit this
5 every year.

6 CHAIRMAN LYNCH: Exactly.

7 MR. KOSUL: So the 12 percent could be an
8 8 percent next year?

9 CHAIRMAN LYNCH: It could be, absolutely.

10 MR. KOSUL: I have a question. It has
11 nothing to do with sewer. Is the water authority going
12 to have an increase too this year?

13 MR. MALEY: I'll answer that question.

14 MR. KOSUL: I see the three over there.

15 MR. MONSON: Don't say anything.

16 MR. COLEMAN: We're going to have a
17 public portion that will answer that later.

18 MR. MALEY: I can answer it. I will talk
19 to you after the meeting.

20 CHAIRMAN LYNCH: Any other questions from
21 the public? Thank you.

22 MR. COLEMAN: Mr. Chairman, I'm going to
23 turn it back to the Board at this point for comments.
24 I understand you may have a resolution in your packets
25 to consider these schedule rates.

Page 26

Page 28

1 you cannot plug that in any shape, or form.

2 CHAIRMAN LYNCH: No, you can't.

3 MR. BENOWITZ: No, I'm explaining it.
4 You can't plug that in any way, shape, or form.

5 CHAIRMAN LYNCH: Not only can't you do
6 that but one of the reasons why we didn't really go for
7 a five-year increase plan per se and vote on it now is
8 because those things could change. And this might be
9 more positive next year and it might not. In your
10 opinion it might not be so we might need another
11 increase. I'm looking the other way. Maybe we might
12 be in a little bit better shape and what could have
13 been maybe a 12 percent increase next year at this time
14 might be an 8 percent increase. So we have an open
15 mind. And just so Mr. Kosul understands and Steve,
16 you've been to a lot of meetings here and Jack knows
17 this, the board has struggled with this for like three
18 months now. And we don't take it lightly. And we know
19 every dime counts and your comments are well-received.
20 But I think we came to a pretty good compromise on
21 where we're at tonight to move forward with this, so.

22 MR. BENOWITZ: Just on the record you're
23 saying you're going to revisit this every year anyway?

24 CHAIRMAN LYNCH: Yes, absolutely,
25 absolutely. In fairness to not only the Board but the

1 CHAIRMAN LYNCH: Before I do that is
2 there any other questions from the board? Anybody?
3 I'd like to thank Rick and Elizabeth for your hard
4 work. I know putting the schedules together and
5 running us through the numbers over the last three or
6 four, five months was arduous at best and Tom, thank
7 you and Rick, for all your work.

8 With that, Resolution 2016-054 approving the
9 proposed amendment to the rate schedule as attached,
10 effective January 1st, 2017. Do I have a motion?

11 MR. de GROOT: So moved.

12 MR. MONSON: Second.

13 CHAIRMAN LYNCH: Roll call.

14 MS. QUELTY: Mr. Lynch?

15 CHAIRMAN LYNCH: Yes.

16 MS. QUELTY: Mrs. Gulbinsky?

17 MS. GULBINSKY: Yes.

18 MS. QUELTY: Mr. Monson?

19 MR. MONSON: Yes.

20 MS. QUELTY: Mr. de Groot?

21 MR. de GROOT: Yes.

22 MS. QUELTY: Mr. Targonski?

23 MR. TARGONSKI: Yes.

24 MS. QUELTY: Mr. Malone?

25 MR. MALEY: Yes.

Page 29

CHAIRMAN LYNCH: Okay. Thank you.

Page 30

CERTIFICATE

I, KATHLEEN INTROCASO, a Certified Court Reporter of the State of New Jersey, 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 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
CCR LICENSE # XI 01728
EXPIRATION DATE: 6/30/18
A CERTIFIED COURT REPORTER
OF THE STATE OF NEW JERSEY

Actual Operating Expenditures (less depreciation)

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%

The difference between 2008 and 2015 is \$108,906.00 increase. This is an average of \$13,613 (0.55%) per year actual expenditure increase.

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 AUGUST 2016 MEETING
PREPARED BY REMINGTON VERNICK & ARANGO (RV&A)
ENGINEERS**

DEVELOPMENT TOPICS:

- **Bordentown Waterfront Community Phase I:**
 - ▶ **Phase I Pump Station; Sanitary Sewer and Force Main:**
Only minor administrative items remain to be accomplished.
Update to be provided at meeting.
 - ▶ **Phase I Quik Check: Mini Mart and Gas Pumps:**
Periodically construction work related to wastewater facilities occurs.
- **Bordentown Waterfront Phase II: River Side of Riverline Tracks:** The pump station design is still being developed by the Applicant's engineer.
- **Rising Sun Road Pump Station Force Main System:** A proposed design for the replacement of the force main from Route 206 to the pump station was provided. The replacement pipe length is approximately 3,100 linear feet. Applicant required to submit application documents and escrow prior to review being initiated.
- **Route 206 Marriott/Car Wash Site:** Draft S4 provided to Applicant. Waiting for Applicant to identify car wash flow and re-submit hotel lateral drawings. Our office provided lateral details for the Applicant engineer's use.
- **Rising Sun Road Petro Restaurant:** Review letter provided for gas pump addition and restaurant expansion.

- **Route 130 and Farnsworth Avenue Valero Station Upgrades:** S3 application approval recommended. Authority Board to acknowledge an indoor grease trap is acceptable versus a buried grease trap. The indoor grease trap model previously accepted by the Authority is a Thermaco Big Dipper and the Applicant's drawings have been revised to reflect this manufacturer. Limited space preclude the use of a buried grease trap.
- **Grainger Building No. 1 and Route 206 Bypass Force Main:** Work is substantially complete for building number 1 items and the bypass force main which Grainger funded.

End of Report
Prepared by Richard B. Czekanski, PE, BCEE, CME