

Plumsted Municipal Utilities Authority Minutes
October 16, 2018

Chairman Bronson called the October 16, 2018 Plumsted Municipal Utilities Authority Meeting to order and asked everyone to stand for the Flag Salute. Attorney McGuckin read the Open Public Meetings Act.

Those in attendance were: Walter Bronson, Edward Weirsky, Robert Minter, Ronald Dancer and Anthony Esposito.

Ricky Brown and Nancy Lawrence were absent.

Committeeman Marinari was also present.

Treasurer's Report: Peter Ylvisaker reported the Investors Escrow account has a balance of \$9,750.98. There are no pending charges against this account.

Mr. Ylvisaker reported the Investors Checking account had an opening balance of \$54,681.74 with expenses of \$6,739.43 and deposits of \$41,692.02, with a cleared balance of \$89,634.33 and an uncleared balance of \$57,193.74. The check register balance as of October 16, 2018, with payment of the items on the Bill List, is \$34,076.38. There are funds available for the items included on the Bill List.

There were no questions or comments about the Treasurer's Report. On motion of Mr. Minter, seconded by Mr. Dancer, the Treasurer's Report was approved. Roll Call Vote: All Ayes

Bill List:

There were no questions or comments on the Bill List. On motion of Mr. Weirsky, seconded by Mr. Minter, the Bill List for October 16, 2018 was approved as submitted. Roll Call Vote: All Ayes

Minutes:

Mr. Bronson asked if there were any comments, corrections or additions to the Meeting Minutes for August 21, 2018. There were none.

On motion of Mr. Minter, seconded by Mr. Dancer, the Meeting Minutes for August 21, 2018, were approved. Roll Call Vote: All Ayes, except Mr. Weirsky and Mr. Esposito who abstained.

Mr. Bronson asked if there were any comments, corrections or additions to the Meeting Minutes for September 25, 2018. There were none.

On motion of Mr. Minter, seconded by Mr. Weirsky, the Meeting Minutes for September 25, 2018, were approved. Roll Call Vote: All Ayes.

2017/2018 Audit

Dana Montanelli, Audit Manager and Courtney Winters, Auditor Supervisor, from Holman Frenia Allison, were present to talk about the draft audit. Ms. Montanelli spoke about the Independent Auditor's Report. She said the Authority received an unmodified opinion, which is the best opinion offered. The Authority's financial statements are free from material misstatement, which is a clean audit opinion. There were no deficiencies in the Authority's internal controls or compliance matters. A Synopsis of the last three years is included in the audit.

Ms. Winters discussed the balance sheet. She spoke about the decrease in the net pension liability from 2017 to 2018 due to actuarial assumptions that are made every year in the State pension report. Deferred inflows related to pensions for 2018 is \$376,752.00. Last year it was zero dollars. It required a pension expense entry to get it on the Authority's books. As a result, the GAP financial statements are swayed.

The main statement to look at she said is the Schedule of Revenues and Costs Compared to Budget ("budget versus actual"), which is in the back of the financials. Overall, the total assets and deferred outflow of resources was \$551,000 this year, compared to \$614,000 last year. The main decrease was the change in the deferred outflow.

The Authority's net position went from a positive balance to a negative balance, which is a result of the pension expense. The pension expense is not a real expense that was paid out by the Authority this year.

Solid waste user charges for all customers went down from \$370,000 to \$363,000. Non-operating revenue and expenses contains miscellaneous income of \$10,124.58. Included in that amount was the \$10,000 check to the Township of Plumsted from the New Jersey Clean Communities Grant, which was re-distributed as a \$10 credit to those solid waste customers who were in good standing.

Under operating expenses, administrative costs increased from \$149,000 in 2017 to \$481,000 in 2018. Included in the \$481,000 is the \$376,000 in pension expenses.

Ms. Winters spoke about the "budget versus actual" schedule. The net variance shows that there was a net income of \$9,000 this year compared to \$26,000 last year. She said the unbudgeted GASB 68 pension expense is not really a true expense paid by the Authority. Service fees were under budgeted. Adding in the \$10,000, service fees were actually up compared to the budget. The administration budget is within budget by \$13,000. The total cost of providing services was very close to the actual budget.

Overall, "budget versus actual" was within \$19,000 of the budget. The Authority's budget was very realistic this year. There was an increase in solid waste costs with Waste Management, which resulted in an increased cost in providing services.

Ms. Winters said there were no findings in the general comments and recommendations portion of the audit. There were no matters that required an audit comment.

Mr. Bronson asked about the GASB 68 pension expense. Ms. Winters said that they are just paper entries. The numbers are provided by the State actuary and fluctuate every year. That is why the focus was on the "budget versus actual." Those are the real operational numbers. The Authority would not be in a deficit if the deferred inflow and deferred outflow and the pension liability were removed from the balance sheet. The auditors are required to include GASB in order for them to give the Authority a clean opinion. They have to take the numbers from the State and report them on the financials.

Mr. Bronson asked the purpose of the GASB. Ms. Winters said it is really the State's liability, but if the State stops paying it, all of the State authorities would be liable for their portion. The State says if they are required to put it on their books, then each authority must show its individual portion.

Mr. Dancer said this is how the State gets \$125-150 billion in unfunded liabilities. The amount they are charging for the Authority's one employee provides an idea about what the government is doing here.

Mr. Bronson asked about the next step. Ms. Winters said the audit will be finalized and issued to the Authority prior to the next meeting. The Authority will then accept it by resolution, which should occur at the next meeting. The audit will be filed with the NJDCA by the end of the month due date to the NJDCA.

T&M Associates Monthly Update

Steve Schreiber provided the monthly report for T&M Associates. He said a pre-application meeting was held with NJDEP on September 6, 2018 regarding the submission of the TWA permit application package to construct and operate a temporary raw wastewater holding tank at the WWTP site. The application and supporting documentation was submitted to NJDEP on September 20, 2018. NJDEP deemed the application administratively complete on October 7, 2018. Ryan Chumley, DEP reviewer for the project, advised that review of the application had begun and the Authority should expect approval "soon."

The MUA received the Collection System Construction Documents from T&M on September 25, 2018. The documents were provided to the State Controller and uploaded to the NJEIFP (NJIB) website on September 26, 2018. They were also provided to the Office of Equal Opportunity & Public Assistance (OEO) on September 27, 2018.

T&M provided a project status letter to Ocean County Engineering on September 28, 2018, advising them that the project had been bifurcated.

Also, on September 28, the MUA received the flow consent letter from Bordentown Sewerage Authority (BSA) for disposal of domestic wastewater generated by Lennar prior to the completion and operation of the WWTP. The letter from Bordentown was sent on the NJDEP to "complete" the application noted above related to the temporary sludge holding tank.

Mr. Schreiber said that a request has been submitted to the Authority for a "Revised" Contract Amendment on behalf of itself and its subcontractors.

Mr. Schreiber said the RFP documents and plans have been delivered to the MU, and will be uploaded to the **NJIB** website this week.

Mr. Bronson asked if there were any comments or questions.

A question was asked about the schedule. Mr. Schreiber responded that the collection system should be advertised the third week in October, depending on completion of document review. For the Treatment Plant he said it is supposed to be advertised on November 5 also upon completion of document review. Mr. Bronson spoke about the effect of State review on the schedule.

Mr. Bronson said the Sewer Committee reviewed the RFP documents tonight at the pre-meeting. He spoke about Committee recommendations concerning the RFP and authorizing bids. He also talked about the overlap of time between the initial submission on the treatment plant and the award of the collection system.

Mr. Bronson asked if there were any questions about authorizing T&M to upload the documents and go to bid once they obtain approval from the State. Mr. Dancer had a question about NSU's price. Mr. Bronson said it would be addressed separately.

ON MOTION OF MR. MINTER, SECONDED BY MR. WEIRSKY RESOLUTION 2019-6 -
AUTHORIZING T&M ASSOCIATES TO PROCEED WITH THE RFP AND TO ADVERTISE FOR BIDS

FOR THE PROPOSED WASTE WATER TREATMENT PLANT WAS ADOPTED. ROLL CALL VOTE. ALL AYES.

Mr. Bronson explained the other two items related to this resolution are a request for additional funding from professionals for the preparation of the RFP for the Wastewater Treatment Plant, which is a different form of bid than what the Authority had done previously. As discussed over the past couple of months, one part of the proposal is being worked on by T&M and one part is being worked on by their sub-consultant, NSU. NSU is doing the actual design of the treatment plant. The amount for T&M is \$24,500. The amount for NSU, which is a pass-through with no mark-up from T&M, is for \$37,500.00. That is a fifty percent reduction of what was originally requested by NSU.

Mr. Bronson asked for any comments or questions.

Mr. Dancer asked for NSU's justification for submitting its original request for \$70,000. He asked if something had changed or had been revised to cut it in half. Mr. Schreiber said it is because NSU agreed to take responsibility for some of the problems that were created in the initial bid. Mr. Bronson said rather than accepting wholesale changes to the plans, the Authority agreed to incorporate some of the Value Engineering items. The changes were highlighted for the contractors. He spoke about the different changes that were made.

Mr. Dancer asked Mr. Ylvisaker about the budget for "soft costs." There was a discussion about what is included in soft costs and how they are computed. Also, the process for payment and the certification of availability of funds by the Township's CFO.

A question was asked about payment to NSU through T&M because the Authority has no contract with NSU.

Mr. Bronson said the following resolutions if adopted will be memorialized next month.

ON MOTION OF MR. WEIRSKY, SECONDED BY MR. MINTER RESOLUTION 2019-4 - AUTHORIZING A CONTRACT AMENDMENT WITH T&M ASSOCIATES FOR THE NEW EGYPT SANITARY SEWER COLLECTION & DISPOSAL SYSTEM WAS ADOPTED. ROLL CALL VOTE. ALL AYES.

ON MOTION OF MR. WEIRSKY, SECONDED BY MR. MINTER RESOLUTION 2019-5 - AUTHORIZING A CONTRACT AMENDMENT WITH T&M ASSOCIATES TO AMEND CERTAIN CONSTRUCTION DOCUMENTS IN SUPPORT OF THE RFP PROCESS FOR THE PROPOSED WASTE WATER TREATMENT PLANT WAS ADOPTED. ROLL CALL VOTE. ALL AYES.

Executive Director's Report:

Energy Aggregation

Mr. Ylvisaker said everything is quiet with Energy Aggregation.

Solid Waste

Mr. Ylvisaker spoke about accounts that were delinquent and listed for tax sale. The concentration of delinquent accounts are from the third quarter. He expects the list to be reduced before it actually goes to sale. It should be comparable to what has been done in the last three or four years. There was a question about which quarters are included in the tax sale.

Mr. Ylvisaker said he will start looking at the numbers for solid waste to see if the Authority is on budget in order to decide if a rate increase will need to be made in May 2019.

A question was asked about where the Authority is in its contract with Waste Management. Mr. Ylvisaker said that the fourth year (of a five year contract) will start in January 2019. He would like to get through the fifth-year without a price increase.

Redevelopment

Mr. Ylvisaker said that a significant event occurred with Lennar related to the approval of the First Amendment to the Redevelopment Agreement. According to the Project Schedule attached to the amended RDA, Lennar is to provide a thirty day notice that it will start construction in November. We can then notify North Hanover Township that we will be taking over Provinceline Road. Lennar will do some immediate work on the road.

Mr. Ylvisaker spoke about stipulations in the letter from Bordentown. He said he will write a response letter to them that their conditions are acceptable. He compared prices with other municipalities and with Ocean County, and Bordentown was the lowest.

The status of New Jersey American Water's Well #3 remains the same. The well functions, but there is some type of a problem they are working on, so they have not turned the well on. If they need the well, it would flow he was told. They said they hope to have it resolved shortly, but we heard that a couple of months ago as well.

Mr. Dancer asked about the status of Lennar coming to the Township Planning Board for approval of the final phase of the project. He said he believes they have not received final approval of the project from the Planning Board. Mr. Ylvisaker said he will check on this and get back to him.

Mr. Bronson commented they have final approval on the first three phases. Mr. Dancer said he is asking about the very last phase. He wondered if Lennar has indicated when they may be coming back in. Mr. Ylvisaker thought that it will probably be sometime next year. Based on the schedule, they will not get to the last phase until 2023. They received a 10 year approval from the Planning Board.

A question was asked if the amendment to the RDA changes the Redevelopment Plan in any way. Mr. Bronson said it does not. Mr. Ylvisaker said Lennar has a concept plan for the Evergreen side of their project (Block 40, Lot 1), which will go before the Land Use Board independently.

Mr. Bronson asked if there were any other comments or questions for Mr. Ylvisaker. There were none.

Public Comments:

Mr. Bronson asked if there were any public comments. There were none.

Since there was no further business, a motion was made to adjourn the meeting. Roll Call Vote: All Ayes.

The next meeting is scheduled for November 20, 2018, at 6:30PM.

Respectfully submitted by:

Nadene Cicero, Secretary