

THE CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

MINUTES OF THE REGULAR MEETING HELD ON DECEMBER 19, 2011

The Regular Meeting of The Camden County Municipal Utilities Authority was called to order by Chairwoman Dixon at 6:00 P.M. The meeting was held at the Administration Building located at 1645 Ferry Avenue, Camden, New Jersey. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Burley | - | YES |
| " | Bresch | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

STAFF PRESENT:

Andrew Kricun, Executive Director
Laurence E. Rosoff, Solicitor
John Werner, Chief Financial Officer

Robert Cornforth, Director of O&M
Kim Michelini, Assistant Authority Secretary
Alisa Smith, Secretarial Assistant
Wayne Planamento, Comptroller
Katherine Wade, Attorney

CONSULTANTS:

Bob Serpente, D&B Guarino
Peter Nissen, Acacia Financial Group
Alan Parry, Synagro

OTHERS PRESENT:

Deborah McNally, Degnan & Bateman

Chairwoman Dixon read the 'Chairperson's Commencement Statement' acknowledging that proper notice of this Regular Meeting setting forth the date, time and place of the meeting has been prominently posted on (1) a public bulletin board located in the lobby of the Administration building (2) mailed to the Courier-Post and Inquirer and (3) filed with the Clerk of Camden County on February 2, 2011 as set forth in its annual schedule of meetings, in compliance with the Open Public Meetings Law.

ADOPTION OF MINUTES:

A motion was made by Commissioner Burley and seconded by Commissioner Swart to adopt the Minutes of the Regular Meeting held on November 21, 2011. There being no question on the motion, a roll call was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|---------|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | ABSTAIN |
| Chairwoman | Dixon | - | YES |

The motion was carried.

EXECUTIVE DIRECTOR'S REPORT:

I) ITEMS FOR DISCUSSION:

A) Administration:

- 1) Environmental Management System – December 2011 Report
Commissioner Wu requested a reason for the odor complaint from the dryer reported in this report. Mr. Kricun explained that the odor complaint was the only complaint reported in the last 30 days. The source of the odor was traced to louvers that were stuck open. Once the louvers were closed, no further odors were reported. Since the CCMUA is responsible for the building, O&M checked all other possible odor sources and reported that none were found. The problem has been corrected.
- 2) RFP for Security Consultant
- 3) Environmental Management System Audit Results
Commissioner Wu commented that he was glad to hear that the audit went well. This certification is important and we need to continue to keep it. Mr. Kricun added that the audit required internal auditing and we were in compliance. The CCMUA's internal audit team consisted of Wayne Planamento, Comptroller, Doug Burns, Chief Accountant and Janet Miles of D&B Guarino. The team did an excellent job in helping us prepare for the auditor's return by addressing the auditor's original comments. Their work was a big part in the success of the audit.
- 4) Geothermal Grant Opportunity
Commissioner Wu asked what the time frame was for the completion of this project. Mr. Kricun responded that it is a relatively short project, beginning in approximately 6 months or so. There are two items on the agenda related to this matter- a green energy RFP which will allow for the Authority to receive proposals on all sorts of green energy opportunities. We will advertise next month, receive proposals in March and the resolution accepting the grant from PSEG specifically for geothermal energy. Commissioner Wu commented that he felt that the CCMUA was moving in the right direction in exploring alternative and/or renewable energy sources.

B) Engineering:

- 1) Award of a contract for the PTF Channel Repairs
- 2) RFP for Renewable Energy Power Purchase Agreements

C) Legal:

D) Operations & Maintenance:

- 1) Winslow Township Treatment Facility- Effluent Force Main Break
Commissioner Wu stated that he reviewed the incident report provided by the O&M department regarding the force main break and noted that it was thorough and professional. He asked for clarification as to where the \$250,000 cost for this repair comes from. Mr. Cornforth stated that these types of repairs are typically charged to either capital or renewal and replacement (R&R) in the budget. Mr. Werner added that the Authority is required to maintain a renewal and replacement fund which is calculated based on our outside engineers reports. The Authority is required to set aside these funds for such emergencies. The fund currently has \$3 million set aside.

Commissioner Engelbert asked if the pipe was installed by the CCMUA or Winslow to which Mr. Cornforth responded that the line was previously designed, constructed and owned by Winslow Township. The CCMUA took over the line at the time we acquired the Winslow Plant. Upon inspection of the pipe, it was discovered that there was a 1 ½ inch hole in the pipe which is suspected to be a test plug. Commissioner Engelbert asked if it was noticed if the pipe was corroded at all. Mr. Cornforth stated that no corrosion was noted.

E) Finance:

- 1) Voucher Payment Resolutions - Report on Emergency Payments

II) INFORMATIONAL ITEMS:

A) Administration

- 1) CCMUA Organizational Chart – as of December 6, 2011
- 2) Personnel Department Update – as of December 6, 2011

B) Finance

- 1) Collections Report for November 2011
- 2) Budget Review Report for November 2011
Commissioner MacFarlane asked for clarification as to the reason why the sludge/waste and utilities numbers are high. Mr. Werner stated that the main reason for the overrun in

utilities is due to the fact that the rebates for utilities ended in June. He added that the rebates that were budgeted for the entire year and were adjusted on this report. The budget overrun for this period is \$420,000 which closely corresponds to the rebates we did not receive as the rebates are credited against the utility costs. Mr. Kricun added that the Authority is seeking clarification on the effective date of the end of the rebate.

Commissioner MacFarlane also noted that overtime costs were up as well. Mr. Werner explained that in October, he did not accrue enough salary for the month, which includes overtime. He added that while we are over budget in year to date overtime costs, the amount of overage is respectable. Mr. Cornforth explained that the overtime is a result of mainly two reasons: the dryers not being fully operational; the truck drivers are short by two drivers as one employee retired and one employee was on disability. In addition, he added that we are also short two operators. These driver vacancies were not filled since the Authority will no longer be hauling material once the dryers are fully operational and we are holding off on filling the operator vacancies to allow for the truck drivers affected by the layoff, to move into these vacancies. In addition, the biofilter and oxygen plant start up recently took place which involved off-shift training, also adding to the overtime.

Mr. Kricun noted that we are \$200,000 over in salary which is mostly due to overtime and is one of the things that we will be looking at closely going forward. We will analyze the cost effectiveness of overtime versus staffing levels. Mr. Werner stated that he thought that by the end of the year we would be within a \$1 million dollars of our total budget.

Commissioner Bresch asked how the CCMUA does with delinquent accounts given the current state of the economy. Mr. Werner explained that we participate in the tax sales for each town in Camden County. We have found that this is the most effective way to collect fees that have gone delinquent. He added that we are just about at plan for collections which is \$70,000,000.

- 3) Cash Management Report – October 2011
- 4) Annual Budget Review
- C) **Operations & Maintenance:**
 - 1) Del. No. 1 WPCF & Winslow STP- Discharge Monitoring Report (Oct 2011)
 - 2) Del. No. 1 WPCF & Winslow STP- Sludge Quality Assurance Report (Sept 2011)
 - 3) Del. No. 1 WPCF & Winslow STP- Operations Report (Oct 2011)

PUBLIC PARTICIPATION ON PROPOSED RESOLUTIONS: NONE

OLD BUSINESS: NONE

NEW BUSINESS:

Public Hearing- Adoption of 2012 Budget and 2.9% Rate Increase

A motion was made by Commissioner Engelbert and seconded by Commissioner McKernan to open the public hearing on the Adoption of the 2012 Budget and 2.9% Rate Increase. There being no question, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Mr. Kricun opened by stating that the CCMUA received approval from the Department of Community Affairs (DCA) on the 2012 Budget. He commended Jack Werner, Chief Financial Officer and the Finance Department for the good work that they did to obtain that approval. In short, the CCMUA's budget message for 2012 is that the CCMUA's rate in 1996 was \$337 per household per year. The CCMUA has held the rate for 16 years, and during this period, has cut rates three times. The current rate is \$315 per household per year. However, after 16 years of holding rates, the CCMUA determined that a rate increase is needed for 2012. Last month, the staff

proposed to the Board a 2.9% rate increase which was approved and then submitted to the DCA for their approval. The rate increase is \$9 per year per household, raising the rate from \$315 to \$324 per household per year. This rate is still lower than the rate in effect in 1996. The CCMUA was able to hold the rate for the last 16 years by adopting actions and policies approved by the Board. They include: significantly reducing staff as a result of automation. We are down from 229 full time employees in 1996 to 135 full time employees at this time, thereby increasing responsibilities of each employee. We have also improved our environmental performance by means of capital improvements which also reduced operations and maintenance costs. There are 5 factors that caused the \$9 rate increase:

- 1 Increase in debt service: We are at the end of a 5 year capital improvement plan whereby the following systems have been upgraded and/or installed: the primary and secondary sedimentation tanks, the biofilter odor control system, the sludge drying system, the oxygen plant, the belt filter presses and the sludge thickening facility. These changes resulting in the CCMUA borrowing close to \$100 million dollars which is to be paid back over the next 20 years at a rate of \$6 million dollars per year. However, we were able to reduce our O&M costs because these systems are more energy efficient and require less maintenance. There still is a net increase in out of pocket cost, but that increase was significantly defrayed by the improvement in O&M costs.
- 2 Rebate- The 15 year energy rebate program with Public Service Electric & Gas has ended in 2011. This program had resulted in an annual savings of approximately \$800,000/year.
- 3 Connection Fees: Connections fees have decreased due to the slowing of the housing industry.
- 4 Payment- The CCMUA must pay the County of Camden \$3 million as permitted by State statute.
- 5 Payment- The CMUA will pay the County of Camden \$2 million in 2012 as part of a Road Indemnification Agreement for the Atlantic Basin Interceptor Project.

All of these things collectively plus the offset due to reduced energy costs, reduced maintenance costs and reduction in employees, salaries and benefits require the CCMUA to increase rates by \$9 per household per year. There were no questions by the Board. The public was invited to comment, however, there being no public present, a motion was made by Commissioner Burley and seconded by Commissioner McKernan to close the public portion of the meeting. All Commissioners voted "aye" in favor.

A motion was made by Commissioner McKernan and seconded by Commissioner Engelbert to adopt Resolution #R-11:12-156, approving the Authority's 2012 Budget (Second Reading). There being no question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-156 was adopted.

A motion was made by Commissioner McKernan and seconded by Commissioner Biondi to adopt Resolution #R-11:12-157, authorizing a revision of sewer use charges. There being no question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-157 was adopted. Mr. Kricun commended our Finance Department and our consultant Peter Nissen of Acacia Financial for their work in preparing the budget and rate increase.

A motion was made by Commissioner McKernan and seconded by Commissioner Bresch to adopt Resolution #R-11:12-158, authorizing the execution of an agreement between the CCMUA and Ed Kurth and Sons, Inc., for maintenance and repair of boilers and boiler systems in accordance with Specification #11-08B. Commissioner Engelbert asked Mr. Cornforth if this contract is for boiler work only. Mr. Cornforth responded that yes it is. The work was split several years ago into a fabrication and repair contract and a boiler repair contract. Commissioner MacFarlane commented at the closeness of price between the first and second bidders. Mr. Kricun noted that this item was bid several months ago. A bid protest was received noting that the specification was unduly restrictive. As a result, all bids were rejected and the specification was modified to allow more bidders to bid. Therefore, the results from the previous bid were available which could have caused this bid to be so close. Commissioner Engelbert asked if we specified the number of hours to bid on to which Mr. Cornforth replied that this is a time and material specification only; everyone bids on the same thing. We typically do not spend a quarter of the amount bid. Commissioner Engelbert followed up by asking if the vendor uses union labor. Mr. Cornforth replied it is all prevailing wage. Commissioner Swartz asked if a cost benefit analysis was ever performed and would it be more advantageous using in-house labor to perform the work rather than an outside contractor. Mr. Cornforth explained that we actually have two HVAC repair contracts- this one is for low pressure steam boilers that heat the entire facility and the other is just for repairs to the boiler in the boiler room. We do spend several hundred thousand dollars per year on HVAC issues such as preventative maintenance. We have been working with the vocational school to create an apprenticeship program for HVAC, however, we do not meet the minimum number of employees for this program. A lot of work performed under this contract would not be cost effective for the Authority to do in-house due to the need for required underwriter stamps. There being no further question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-158 was adopted.

A motion was made by Commissioner Engelbert and seconded by Commissioner Swartz adopt Resolution #R-11:12-159, authorizing the execution of an agreement between the CCMUA and Moyno Industrial Products of Springfield, OH for supply and delivery of parts for Moyno Pumps in accordance with Specification #11-28. There being no question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-159 was adopted.

A motion was made by Commissioner MacFarlane and seconded by Commissioner McKernan to adopt Resolution #R-11:12-160, approving a holiday schedule for the non-bargaining unit employees for the year 2012. Commissioner Burley asked how floating holidays worked. Mr. Kricun responded that they are personal days which can be used for emergency purposes. Commissioner Engelbert added that these floating holidays were added in exchange for other holidays. There being no further question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|--------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |

| | | | |
|------------|------------|---|-----|
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-160 was adopted.

A motion was made by Commissioner Biondi and seconded by Commissioner Swartz to adopt Resolution #R-11:12-161, designating Authority physicians and authorizing medical and emergency treatment for all CCMUA employees for workers compensation and/or employment related matters. There being no question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-161 was adopted.

A motion was made by Commissioner Biondi and seconded by Commissioner Engelbert to adopt Resolution #R-11:12-162, authorizing the execution of an agreement between the CCMUA and Barry Arnold of Atco, NJ for backflow preventer inspection and repair in accordance with Specification #11-16A. Mr. Kricun commented that this is the third contract awarded tonight that had multiple bidders. The Finance Department, Purchasing Department and I have been working toward obtaining more bidders in response to the Commissioner's comments by proactively calling contractors, removing overly restrictive language in the specifications, etc. Commissioner Swartz asked if we were advertising in the most visible manner possible- the Courier Post, trade magazines, website, etc to which Mr. Kricun responded that we were. There being no further question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|---------|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | ABSTAIN |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-162 was adopted.

A motion was made by Commissioner McKernan and seconded by Commissioner Engelbert to adopt Resolution #R-11:12-163, resolution authorizing competitive contracting for renewable energy power purchase agreements. There being no question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-163 was adopted.

A motion was made by Commissioner Engelbert and seconded by Commissioner Biondi to adopt Resolution #R-11:12-164, resolution authorizing participation with the South Jersey Power Cooperative in conjunction with the County of Camden for procuring Electric Energy Services. There being no question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-164 was adopted.

A motion was made by Commissioner Swartz and seconded by Commissioner Burley to adopt Resolution #R-11:12-165, authorizing acceptance of a \$1 Million Grant from PSE&G for implementation of a Geothermal Energy Generating System at the Delaware No. 1 WPCF. There being no question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-165 was adopted.

A motion was made by Commissioner Biondi and seconded by Commissioner Swartz to adopt Resolution #R-11:12-166, ratifying approval of expense vouchers as approved by the Executive Director under authorization granted by CCMUA Resolution #R-97:3-60, dated March 17, 1997. There being no question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|---------|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | ABSTAIN |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-166 was adopted.

A motion was made by Commissioner McKernan and seconded by Commissioner Biondi to adopt Resolution #R-11:12-167, authorizing payment of \$2,960,727.75 for expenses disbursed from various trust accounts. There being no question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Bresch | - | YES |
| " | Burley | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |

| | | | |
|------------|-------|---|-----|
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-167 was adopted.

A motion was made by Commissioner Swartz and seconded by Commissioner Biondi to adopt Resolution #R-11:12-168, authorizing that the Authority hold a Closed Session Meeting to discuss legal matters. There being no question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|-----|
| Commissioner | Biondi | - | YES |
| " | Burley | - | YES |
| " | Bresch | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | YES |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-168 was adopted.

The meeting adjourned to closed session at 6:41pm.
Commissioner McKernan left the meeting at this time.

=====

The meeting returned to open session at 6:59pm.

A motion was made by Commissioner Burley and seconded by Commissioner Wu to adopt Resolution #R-11:12-169, authorizing rejection of bids received for the PTF Channel Repair Project. There being no question on the motion, a roll call vote was taken. On roll call, the Commissioners responded to their names as follows:

| | | | |
|--------------|------------|---|--------|
| Commissioner | Biondi | - | YES |
| " | Burley | - | YES |
| " | Bresch | - | YES |
| " | Engelbert | - | YES |
| " | MacFarlane | - | YES |
| " | McKernan | - | ABSENT |
| " | Swartz | - | YES |
| " | Wu | - | YES |
| Chairwoman | Dixon | - | YES |

Resolution #R-11:12-169 was adopted.

PUBLIC PARTICIPATION: NONE

There being no further business, Chairwoman Dixon entertained for a motion of adjournment. A motion was made by Commissioner Burley and seconded by Commissioner Engelbert. The meeting adjourned at 7:00pm on a unanimous vote.

Minutes of this meeting were approved on January 17, 2012

Respectfully Submitted,



Kim Michelini
Authority Secretary