

RAHWAY VALLEY SEWERAGE AUTHORITY

Regular Meeting Minutes – December 17, 2009

The Vice Chairman called the meeting to order at 7:30 p.m.

The Vice Chairman read the statement on “Open Public Meetings Law”.

In accordance with the requirements of the Open Public Meeting Act, State of New Jersey, adequate notice of this meeting has been provided by the inclusion of the date, time and place in a Notice which was forwarded to the Star Ledger, the Home News Tribune and was filed with the Clerk of each of the eleven member municipalities on February 16, 2009.

The Vice Chairman asked if any member of the body believed that this meeting was being held in violation of the provisions of the Open Public Meetings Act; to please state their objection and the reasons for same.

Hearing no objections, the Vice Chairman stated we shall proceed with our regularly scheduled meeting.

The Vice Chairman requested that everyone stand to salute the Flag and observe a moment of silence.

Roll Call

The following members were present:

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| * Maria A. Abram | for the Township of Springfield |
| Allen Chin | for the Town of Westfield |
| Rene Dierkes | for the Borough of Mountainside |
| Richard LoForte | for the Borough of Kenilworth |
| Stephen Greet | for the Borough of Garwood |
| Frank G. Mazzarella | for the Township of Clark |
| James J. Murphy | for the Township of Cranford |
| Joan Papen | for the Township of Scotch Plains |
| Paul M. Sefranka | for the City of Rahway |
| Attilio S. Venturo | for the Borough of Roselle Park |

* Left the meeting at 9:50 p.m.

The following member was absent:

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| Robert G. Luban | for the Township of Woodbridge |
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The following were also present:

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| Michael J. Brinker, Jr., PE | Executive Director |
| Robert J. Materna | Secretary-Treasurer |
| Joanne Grimes | Office Admin./Board Secretary |
| James Wancho, P.E. | Paulus, Sokolowski & Sartor |
| Terry Cubba, Esq. | Weiner Lesniak, LLP, General Counsel |

The following were also present:

John McCormac	Mayor, Woodbridge
Sal Bonaccorso	Mayor, Clark Township
Bart Fraenkel	Mayor, Springfield Township
Ziad Andrew Shehady	Incoming Mayor, Springfield Township
Paul Mirabelli	Mayor, Borough of Mountainside
John Post, Esq.	Attorney, Borough of Mountainside
Peter Pelissier	Business Administrator, City of Rahway
Frank Ruggiero	Treasurer, City of Rahway
Sam Steinman	Councilman, City of Rahway
Jennifer Wenson-Maier	Councilwoman, City of Rahway
Robert Valent	RVSA Superintendent
Dan Ward	RVSA Maintenance Manager
Anthony Gencarelli	RVSA Manager of Regulatory Compliance
Robert Poltz	RVSA MIS Manager
Jean Manigold	RVSA Laboratory Supervisor
Donna Corris	RVSA Payroll & Benefits Administrator
Janet Thevenin	IPP Coordinator
Robert Safchinsky	RVSA Maintenance Coordinator
Andy Sasso	RVSA Shift Supervisor
Edward Faryna	RVSA Shift Supervisor
Jim Thor	RVSA Employee
Cisco Rivera	RVSA Employee
Naim Franklin	RVSA Employee
Doug Reno	RVSA Employee
Javier Baez	RVSA Employee
Steve Moriera	RVSA Employee
Sterlin Payano	RVSA Employee
Don McCoy	RVSA Employee
John Derkack	RVSA Employee
Tom Watters	RVSA Employee
Elliott Caroom	The Star Ledger
Wayne Baker	The Westfield Leader
Marybeth Antivo	Rahway Resident
Mike Cox	Rahway Resident
Richy Calderon	Rahway Resident
Derron Palmer	Rahway Resident
Robert Nety	Rahway Resident
Celeta Seleca	Rahway Resident

Suspend the Regular Order of Business

The Vice Chairman stated that Mayor McCormac and other municipal representatives are in attendance this evening to address the Board with regard to the 2010 Budget. The Vice Chairman then asked for a motion to Suspend the Regular Order of Business.

Mr. Sefranka made a motion to suspend the Regular Order of Business at this time, 7:32 p.m. The motion was seconded by Mr. Chin and approved by those present. Mr. Luban was absent.

Mr. Mazzarella opened the floor to the public to address the Board.

Mayor John McCormack of Woodbridge addressed the Board. Mayor McCormack stated that over a month ago he and other Mayors formed a budget oversight committee, in a good faith effort to review the RVSA budget and requested a chance to meet with the Administration and have not done that yet, but would still like to do that. He then stated "I will present some questions tonight; I don't expect that anybody has the answers tonight, they are quite voluminous, but I do still think we should meet and talk about these issues". By way of example about 42% of my town is flowed through RVSA, 58% goes to the MCUA yet the town of Woodbridge pays significantly more for the 42% than we do for the 58%. We would like to get a better understanding of how that all works. We understand that it relates to Debt Service and the Cogen Plant, but there are still significant questions. As far as 2010 Budget, I would submit that the 2009 budget figure is entirely meaningless when preparing the 2010 budget. Once the year is over, the only thing that matters in the 2010 budget from the 2009 budget is the actual spending. Hype is being made that the budget is down to \$15.3 million from \$18.42 million, but that number is still 13.2% higher than the spending from 2009. We all have to live as Mayors and School Boards within a cap of 3-4% annually, and yet the 2010 budget is 13.25% over the 2009 spending. Some examples are the natural gas budget at \$3.9 million, only \$2.6 million is expected to be spent, but the next year's budget is \$3.6 million, a 38.2% increase. The fourth quarter for natural gas is estimated at \$350,000 yet the first 9 months were only \$550,000, so the average for the first 9 months was \$51,000 and the next three are projected at \$116,000. Just on an overall basis, the monthly expenses for the first 9 months were actually \$1,336,000 per month but the last three months are estimated at \$1,255,000 per month which is a 21% increase. If the final three months were estimated at the first 9 months level, the estimated expenses for 2009 would be \$12.4 million which is another \$673,000 of potential budget savings in 2009 which could be applied to 2010. That would cause a percent increase in 2010 over 2009 to be 19.3% higher if simply the first 9 month average was used to project the rest of the year. We obviously know the payroll taxes will be less in the fourth quarter, we can see that the retirement fund assessment was already paid, we can see that the audit was already paid, the permits were already paid, therefore, by removing the one time expenses, the real average spending for the first 9 months was \$963,000 and the next three months are projected at \$1,255,000. When using those numbers then adding back the audit, retirement fund and the permits, the projected budget for 2010 is 22% higher than what is projected to be spent in 2009. There are a lot more individual questions, like \$75,000 for CAT Engine maintenance but nothing spent, and the budget for 2010 is still \$40,000; the budget for sludge and gas conditioning is \$150,000 and nothing was spent, but the budget for 2010 is still \$125,000. Chemicals were budgeted in 09 for \$165,000, \$25,000 spent, and 2010 budget of \$200,000 again. These are not questions I expect answers to now, but certainly there are a lot of these type questions that we have. There might be legitimate reasons but I think a lot of it has to do with the Cogeneration Facility. I think the budget should look like it's a split between Operations and the Cogen Facility. That would make it very easy for us to look and see what is specific to that operation, what it is going to cost in 2010 and it is very difficult to look at this budget and try to realize what is due to the Cogen Facility and what is not. On the revenue side, we have yet to see a revenue budget. I just tonight, in our preparation for this meeting, saw a list of the anticipated charges for each of the 11 municipalities. We understand the RVSA Operating Reserve Fund has to be budgeted 25% of Operating Expenses. We would like to know how much is in excess of that. You indicate an amount of \$750,000. I have questions as to why that money is needed if 25% of that money is

already put away. We would like to know about the unused Capital Bond Proceeds as of the end of the year and the need for \$1.8 million in the Capital Replacement Fund even though there might be unexpended bond monies. We would like to look at the B&E Fund at the end of the year. Again it is too much to ask for now but they are very significant questions. It is important to look at the expense side of the budget, but it is also important to look at the revenue side of the budget and if there are unreserved monies that are sitting on the balance sheet, in excess of what is required to be reserved for operating fund agreements or bond agreements, then we think it is important to look at that. I want to address one issue before I finish and that is the privatization issue. A lot of calls are being made that Woodbridge and others might have that as a hidden agenda. I can assure you that I have not had one discussion with anybody in my three years as Mayor about privatization. This is not about privatization, I am not concerned about that issue, I have not address that issue and I am not pushing for that issue. The Authority receives a significant assessment from the Town of Woodbridge and we would like to see that number lowered as much as it can be lowered. Finally, we respectfully request that the budget vote be delayed, there is no hurry for it to be adopted tonight you have the rest of the year and into 2010. I spoke to the State today and they have very limited staff and are not looking at any budgets. They didn't send you a letter saying where is it. They are not going to look at it if it comes in so there is no rush to get this budget adopted tonight. There are significant questions that could lead to a million or more in cuts on the expense side and a million or more on the revenue to reduce the overall budget to the towns. So I respectfully ask that the vote be delayed until we have had a chance to specifically sit down for a couple of hours with the management of the Authority to go over our concerns. Thank you very much.

Mr. Mazzarella thanked Mayor McCormac and asked if anyone else would like to speak.

Mr. Pelissier the Business Administrator of Rahway addressed the Board. Mr. Pelissier stated to Mr. Brinker and Mr. Materna that he appreciated the meticulous detail that was put into the documentation but I would think that in a budget this size and the size of \$15 million, that someday you might be able to not have hand written notes – you could use something like an excel sheet. It would make it a little easier to decipher. That being said, I'm here representing the City of Rahway. We are one of the significant contributors to the RVSA and I want to bring the public and some of the newer commissioners that may or may not be aware, as to some of the budget versus expenses in previous years. The year 2006 the RVSA appropriated \$13,151,000 million and spent \$11,669,000 a difference of 12% and in effect left \$1,480,000 on the table of unappropriated of what was unspent. The following year 2007, the budget increased to \$14,751,000 even though there was almost \$1.5 million in surplus and in 2007 there was a \$2 million surplus remaining. In 2008 the budget increased again to \$15,472,000 and the amount of spending was \$13,148,000 leaving \$2.3 million on the table. In 2009 the budget decreased a bit about \$75,000 but there was still a \$2,300,000 amount left on the table. In 2010 there is a proposed \$14,842,000 which is a 13% increase over what has been spent. Now there has been a lot of talk about cogeneration so forth. Now salary and wages is an area that can not forget. So I want to back up to 2006. The total budget for salary and wages for 2006 was \$4,430,000 but only spent \$4,003,000 so there was \$427,000 left on the table in that line item. In 2007 RVSA appropriate \$4,350,000 but only spent \$4,013,000 and left \$300,000 in 2008 the RVSA left \$174,000 on the table in 2009 you left \$300,000 on the table. Now salaries and wages are an interesting phenomena since so many municipalities are faced with how we are going to address meeting our levies and so forth. In a letter that was sent a responding from the Finance Committee, signed by Mr. Brinker, represented that there were two former Mayors and that they

are familiar with the caps and laws of the State. I point out that they said in that letter that the towns have to deal with a 4% cap spending. That's not true. The towns have a 2.5% spending cap with approval from the State it can go up another 1%. So 2.5% to 3.5% and you may have had that mixed up with the tax cap levy. Now we all now the tax cap levy is at 4% and get whittled around a bit because there are exceptions to the tax cap levy for pensions, and health benefits and so in reality, municipalities can't increase their spending by more than 4% not their expenses, their tax cap levy the taxes that the people pay. It's a different issue. The issue that we have is that the Authority should at least mirror the municipalities and have their spending for operations, not for debt, but for operations within the same parameters as the municipalities do at 2.5%. I also want to point out, and excuse me for rambling on, but these are questions that I want to address in detail with the finance Committee and Administration of the RVSA, you have somewhere around 63 employees. Inclusive of those 63 employees there are 14 in Administration and 13 Supervisors and those 27 employees represent 43% of the total number of employees. So in effect you have one supervisor for every three people. Those 27 employees represent \$2.2 million or 50% of the proposed salary and wage budget. That is significant, given the fact that salary and wages are a huge part of this budget. I have not seen or heard any discussion or any representation inviting the Personnel Committee or the Finance Committee have discussed how some of these positions could be consolidated or reduced through attrition or reduced in any way. In fact looking at the budget somewhere between 2007 and 2010 there were five people hired for Cogen operators. I don't know the process for hiring them I don't know if the Personnel Committee approved it. I don't know if the whole commissioners approved it. One of those people and no disrespect to your son, but was Mr. Brinker's son and yet there was a woman who came to my office in tears saying that her position was reduced in half. She said the only person to have a reduction in hours or salary and yet there are five people hired which amounts to about \$300,000 a year for a cogeneration facility that is not operating. If it's not operable, why were they hired? Did the personnel committee agree to spend \$300,000 a year for salaries plus the health benefits that go with it on top of that, when we have a facility that doesn't work? Why are those people still working? Why aren't they provisional employees to be given notice and rehired when in fact the facility does come on line. I also point out that there has been a lot of discussion about line items 19 and 22, those two items have to do with Natural Gas and Electricity for the cogeneration operation. In that regard it's clear to see that this cogeneration operation, not running, cost us less than when it is running. Now that may be because it was going to run on methane gas or part on methane gas and part on natural gas and for some reason that didn't materialize but yet, but has there been a discussion on when its going to run. Who can actually say that it's going to start April 1 or is that a best guess? It was going to start in 08 and didn't, in 2009 and didn't, now were going into 2010 and who's to say its going to start in April, or June or July or not at all. There is litigation involved with he Engineers, with the Contractors, with the Sub-Contractors and that is a very significant part of this budget; the salaries and the operating costs of the Cogen. There is also a note that the legal fees are \$500,000. With regard to the Legal Fees related to the Capital Projects should be charged back to the Capital Projects. Yet I don't see that happening or how much of the \$500,000 could be reduced and charged back to the capital bond issues. I also want to point out that in the letter to Mr. McCormac on page 2 the last paragraph, where Mr. Materna says that he has a \$1.8 million remaining in the Capital Replacement Fund, I would represent that that could be reduced to a \$1 million. I want to hand out to Mr. Materna and to Mr. Brinker and the Commissioners – the City of Rahway took upon itself when it came to looking at the Budget, we retained out municipal auditor. Our municipal auditor does hundreds of audits across the state and also does municipal utilities. I asked out auditor to take a look at a memo from Mr. Materna which is attached to the

very back of the distributed letter, to verify in fact that the information provided to us made sense and was accurate. This letter pretty much speaks for itself, I really don't need to get into it that much other than there is millions of dollars, some of which you have utilized for this budget, that can be used to offset our assessments and that's good. Although that's not the whole issue here, we should not have to come and plead each year to have monies returned to the municipalities. When I was a Commissioner there was a great debate regarding \$6 million and how much should be given back and how it should be given back. Ultimately the Administration agreed to allocate \$6 million to the municipalities. Each year thereafter it seems like it's been \$2 million that comes back from your unretained earnings. My point to you is that this budget that has all this money in reserve at the end of the year and the appropriations are so different from the amount of money that is actually expended should be worked out so that it moves along so that if there is surplus available you put it back into the budget. Maybe it's a million or so. It appears that every couple of years we have to come back and say get where did all this money go. I want to wrap this up by saying that the Assessments that Rahway receives, I notice in the document dated December 10, 2009, that the surplus allocation is \$3,730,500 and I think that is a great start but I point out that on October 25th before the Mayors and the oversight committee got started which was in the early part of November, the surplus was going to be only \$2,650,000 so after all the fuss, the other million came to surface. I would respectfully request that based on the information that you heard before me and maybe after me, and by the way we don't want to do the RVSA's job, nor do we expect anyone or everyone to have financial knowledge. I would be the first to admit that I don't have as much knowledge as maybe some of you people or some of the people who will speak before or after me, but I have been involved in budgets for 38 years and I kind of have a sense when you appropriate money year after year after year, you continue to have a surplus year after year after year, and you have 1 supervisor for every 2 people, and half of your budget is for Administration and Supervision, I think you can take a better look at it. Have we considered outsourcing anything, have we considered contacting another municipal utility authority – do you have someone we can share, have you considered taking your salaries of all you supervisory and administrative people and say there will be no increase this year, like Springfield did, like Rahway did. Have you considered reducing anyone's salary, have you considered going to your unions, opening up the contracts and saying hey look, the municipalities that we represent are having a tough time, there having a difficult time laying off people who work for them and would you be willing to give 15 days furlough or defer it to when you retire or some plan that would provide relief during the next several years when were facing these economic times. With that I would hope that we could have a meeting and I also spoke to our lawyer about delaying this budget until January. He advised me that provided that you have a temporary budget for January that your budget does not have to be adopted by the end of the year. Then we could delay the budget adoption vote this evening. Set up a constructive meeting to hear out, not just the Finance Committee, but to hear out the Administration who guides the Finance Committee and get answers to some of the questions and points that were brought up this evening.

Mr. Mazzarella thanked Mr. Pelissier and gave Mayor Bonaccorso the floor.

Mayor Bonaccorso stated that he left the finance comments to Mayor McCormac and Mr. Pelissier. He added that his administrator, John Laezza, who was appointed by myself; John has been in the business over 50 years like Mayor McCormack he was a Trenton guy, under Byrne and Cahill in the Division of Local Government and was a partner of Ernst & Young Accounting Firm, so I think when we came together and put this committee together we took what we felt

was the best of the best to try to come down here and reason something out. I'm here tonight to plead with you to delay this vote, to have better dialog and more conversation. I was one of the people some years back interested in privatization of this utility. Why? We believe it's out of control. We believe that the cost at this utility is out of control. None of us here ever had that discussion within coming here and forming this committee. We are here because the people in our municipalities are broke. I don't care what you think, what town you represent, how much your property values are. There are wealthy people in every community, there are people in this room who are struggling day to day to make it work. I am a landscape contractor by trade. I go home everyday and say please phone ring. I am in the family business since 1932 so maybe I have a little more of an advantage than some. I don't get a raise every year. I don't get extra vacation days every year. We work and we work hard for what we do. What I always felt was a problem with this utility is that this Authority is that you people past, I know that there are some new faces up here that I am seeing for the first time, thought that we are the enemy. We're not. We're your partners. Whether you like the sound of that or not, we are your partners. You represent us. The people who live in your community who represent your community throughout local government. Councilman Mazzarella hears it on both ends of the isle. Here as a commissioner and out there as a councilman. The budget numbers that we talked about here today, which have gone back and forth, not to be adversarial we don't want to leave your carcass on the side of the road, were not here to take over every nickel and dime expenditure that's out there. Were looking at the big numbers and we said that from day one. Were here looking at the bigger numbers. Clarks former Mayor Ellenport said to me, good luck wading through the \$70 million plant upgrade at RVSA. We watched it go from that number to over \$300 million today. Mr. Materna interjected that the Authority's estimated cost of its Capital Improvement Program is \$252 million of which 95% of this amount related to requirements under the Judicial Consent Order. Mayor Bonaccorso said some it's a good idea, I'm not a hypocrite. It's like you redoing the kitchen, your ripping the walls open okay let's redo the plumbing. It makes sense. The walls are open the cabinets are out, lets put new PVC plumbing in. So I agree with some of the things that you've done as you've gone along, that's fine, but each year it went up and up and up and up. And I own about 17% even though the number seems to fluctuate every year. Clark Township owns about 17%. There are a few Mayors here they own that much, we own this much, my bill went from \$1 million something in 2001 to over \$4 million today. Does any one hear think I shouldn't have concerns to be here? And honestly folks, we not here as adversary members were here as your partner. We'll be back next year and the year after that, so this is not a one night visit. Trenton is talking about what is going on here tonight. Middle management, is it justified or not, we want to hear. I will reserve my judgment until we hear, but the increases are going up, it's unconscionable. We have \$2 million in suggested cuts. We have \$2 million in surplus that can be given back, that's \$4 million. Maybe were half right. Never say were all right, because none of us are. Maybe were half right, that's \$2 million. Now from here I go south to Trenton. I'm going to go to the legislature. It's got to change, in this manner. If this Authority is going to continue to operate like others throughout this state, then you either need to do one of three things. You either 1, either have to go before the board of public utilities to have your increases justified and voted on; two you have to live within the cap laws that municipalities and municipalities live on or 3, you need to bill the people yourselves. And you hear them, why should we. We're a collection agency for you. We get the money, we send it to you. And were getting rocked and rolled, we had to go to a sewer utility in Clark a couple of years ago, and if we didn't, I don't know how Clark Township would have survived over \$3 million in increases. I have no clue how this town would have done it. So we went out, we created a utility, were billing the people for what they use for their water bill, for what comes in

must go out, were doing it in the winter months, were trying to be fair. We had to sue and we were unsuccessful and that proposes another problem for one municipality. Why am I hear, why am I concerned. It's nothing personal. You people really get a little stipend to be here. You're not overpaid. There are disparaging articles about you in the newspaper I read it, I thought some of it was nonsense and foolish. You could poke your finger in the eye of anyone today, and it sounds good. We're not here to do that. But were here to talk about how we are going to work as effective partners to see this sincerity across the board from 11 municipalities. The fact that other Mayors are not as concerned, can only mean one thing, their share is miniscule and they really don't care. Then why should the big three bear all the costs. It's not fair for our communities. It's not fair to hear were here for another agenda. I don't care if we privatize or we don't. If it makes fiscal sense, then I think we should look at it..... And if it doesn't, by all means, stay the way you are. I thank you and I commend you for serving here. But were here to ask you for help. We're here to ask you for help. We have an agreement with Garwood. We're sharing our high school services and sharing in a lot of different ways. Our Business Administrators are working together. Everybody is reaching out and trying to do more. We are here for the greater good for all concern. That's as far as my agenda goes as Mayor of Clark Township. But I have to go back Monday night to the people of our town what took place here, what were doing here and why were doing it. Certainly we don't want to embarrass anybody here, nor do I want to be embarrassed when I sit up on my dais. We're not here for that. Were here to serve our communities, none of us are getting rich off of it. But you have to help guys. You have to help. Joan, over in Scotch Plains, I have family in Scotch Plains, there going off the wall because of their sewer utility. I'm trying to explain to them what's going on and how the municipalities are burdened. What are we supposed to do when we don't have cops and firemen and DPW Worker providing services to you because of a sewer budget? Folks need to try to be creative and that's what I'm asking you all here to do tonight. Delay the vote. Trenton has no problem with that. Build a temporary budget. Professionals reappointed. This is not a political hack squad, one party trying to get the other. It has nothing to do with that. We are not sending a bunch of citizens who never opened up a budget in their life and worry about nickel and dime items. We have highly qualified professionals like you do. Who are willing to sit down and discuss it with you and offer some help and some compromise? You have employees here tonight during the holiday time of year. We're not here to take your job. That's not what we're about. I strap on work boots every morning before I go to work. I froze today, laying down brick pavers. It's hard for everybody. Look at the election. Look how people voted. I could care less, Democrat or Republican or who sit in Trenton. I want people who are concerned. Let's work together. Respectfully, please. We don't want to have a big ruckus over this; we want to work with you as partners. And if you do that, I will be happy and well be back next year. But hopefully we won't be here next year, we'll be upstairs in a conference room and if we have some questions on your budget, they'll get answered like this and the municipalities will be able to work with you on it. And each year it gets a little bit better and a little bit better. So again, I appreciate your efforts, understand our problems and our concerns and let's get together and work together to see if we can get good harmony and good friendship of course. It's not personal. Thank you for your time.

Mr. Mazzarella thanked Mayor Bonaccorso and gave the floor to Mayor Frankel of Springfield.

Mr. Fraenkel stated "I'm not going to bore you with figures and its going to be a tough act to follow even if I look like I'm the one that's the landscaper so don't worry about that, I actually do financial planning. All I'm asking is that we review this, the same way they have. They are

the big three in terms of usage. We're not. We're down the road. We're in the middle range, to the lower end. But we have the same concerns. We're looking at something that impacts our budget and we are saddled with a cap. If we can't work this out, we have to lay off people and I see the employees here, they don't want to lose their jobs. I don't want to see our employees lose their jobs. We need to do something that is reasonable and as they all said to you, all we're looking for is a delay. We're looking for somebody to sit down so that we can have the questions answered. I don't think that is unreasonable. So what we're looking for is just a little assistance, a delay tonight and that's it. One of my favorite quotes is from Benjamin Franklin, and I say this often, "If I had more time, I'd write you a shorter letter", in other words, if I had more time to look at something, I take out what's not needed. That's all we're looking for, for you to do here, take out what's not needed and if it is, and it's explained, we'll be fine with that. Thank you."

Mr. Mazzarella thanked Mayor Fraenkel and gave the floor to Mayor Mirabelli of Mountainside.

Mayor Mirabelli stated "good evening, my name is Paul Mirabelli, I've only been on the job a month so, but I do follow in the footsteps of a Mayor that was on the job for 21 years, Bob Vigilante. I have a little bit different philosophy than the other Mayors that have come up here, and I get that from him. We appoint Commissioners to this Board and we feel that we have appointed good Commissioners. I've met with our Commissioner, Rene Dierkes, over the last month, and I believe that the Finance Committee, the Administration and the Commissioners have looked at all of these issues that these mayors are concerned about. These Commissioners and Administration are on the front line, they're the ones that are best served to decide on what this budget should be. I think we should have faith in the Commissioners that we've sent here. I understand that this budget is being reviewed by the finance Committee with the Administration and the Finance Committee has recommended that it be approved. I think we should follow what the front line people have decided. The people we've sent here, as Commissioners, and if there were concerns from the Mayors, they should have been brought up by their Commissioner who sits at this table 12 months out of the year, not 2 or 3 months out of the year. So as a Mayor of a town that doesn't have as big a bill as the three others that have spoken here, I do sit in a similar position to the other Mayors who are not here. They've sent their representatives here and they have faith in the representative and are relying on them to do the right thing. That's all I ask that you to do. I ask that you do the right thing. I'm not going to say pass it or don't pass it, I'm going to say that the Commissioners should do what they feel is the best thing to do as they are on the front line."

Mr. Mazzarella thanked Mayor Mirabelli and gave the floor to Anthony Gencarelli.

Mr. Gencarelli stated that he lives at 22 Whitehall Avenue, Edison, NJ, and was speaking as a concerned citizen. "I don't live in the service area; I have many friends and family who are in the service area. I guess I can easily say I am here representing the interest of Kay and Anthony Newla, Mountain Blvd., Rahway; Mary and Sal Conforti that live on Milton Avenue in Rahway. A lot of numbers have been thrown around and a lot of interest has been expressed about the impact on the individual rate payers and I commend the municipal Mayors and representatives of their concern of the individuals and the individual rate payers and how this is impacting them especially in these difficult times. So what I would like to do is translate the numbers into numbers that we can all put our hands on and better understand how far they will impact the individuals. The operating and maintenance budget is \$15 million. The 2000 census said that

we have 200,000 residents in our service area in the 11 communities. Figuring about three residents per household, that means you have about 66,000 households in the service area. So let's make believe for a very conservative estimate that there are no industry or commercial establishments which we know is not true. So \$15 million divided by 66,000 households comes out to \$250.00 per year per household for our operation and maintenance budget. That's about \$20 per month. If we cut our budget in half, to \$7.5 million, the impact would be a savings of \$10 per month per household. Look at reality, look at a cell phone bill, cable TV, a pack of cigarettes, beer, a meal out at the local diner, a couple of happy meals – that's what we are talking about here. Business Administrator Pelissier pointed out about our Admin Staff how loaded we are with them, that's \$2.2 million worth of salary. Lets get rid of all of them, I think that's a great idea, what are we going to save, what's the cost impact? How are we going to help out all these residents that really do need help? I honestly do believe they do need help, my aunts and uncles are all on fixed income, wonderful people, and I should introduce you sometime. \$2.2 million, \$33 per year per household, \$2.80 a month. What I would suggest and I think we need to look at savings however, I think we should be looking at what it costs to educate our children and the big thing is, it's for the children. I know how you pass this budget, say it's for the children, and it is. Were protecting the environment, were protecting the beaches, it's for the children. One more thing on the surplus that has to be understood and needs to be appreciated is that we are not for profit. We are a public utility. We are here for the benefit of the environment, the benefit of the community, the benefit of the shores. Something that the Commissioners and the member municipalities may or may not be aware of is there is thing called TMDL – Total Maximum Daily Load – the USEPA and NJDEP are going to be implementing TMDL's to improve the water quality. It's going to be affecting the RVSA, I would say probably in 5 to 10 years and we are going to be looking at another \$150 to \$200 million in improvements based on 2007 dollars to provide for nitrogen removal and improve the water quality in the New York Harbor. So you can give the surplus back now, but you going to be feeling it again later when we need to be financing for additional improvements and I think that is just a matter of time. If you want to circumvent that, now is the time to start working on your legislators in Trenton and say – is the cost benefit there. The RVSA belongs to the New Jersey Harbor Dischargers Group and the Group which is comprised of about 10 of the Harbor Dischargers and there is a big question, will the billions of dollars that have to be spent by these agencies that – is the benefit really there. We feel that the money can be spent in better ways to improve the environment. I digress. Thank you.

Mr. Mazzarella thanked Mr. Gencarelli and the floor was given to Mayor Bonaccorso.

Mayor Bonaccorso stated that again, we are not here tonight, but our freshman Mayor Mr. Mirabelli from Mountainsides comments that he appointed people. Mayor McCormac and Mayor Pelissier have questions – would you like the Finance Committee or the entire member of the Commissioners – would you like to answer them here tonight - we thought that we could answer them over a table with the Administrative Staff. This would not be directed to Mr. Brinker or to Mr. Materna but we would ask you if you have the questions, I'm sure that Mr. Mirabelli is correct that we have faith in your efforts. We have a list of questions if you want to go through them tonight or do you want to do it at a meeting where we could kind of roll up our sleeves. I don't want to put anyone on the spot, but.

Mr. Mazzarella stated that in the spirit of cooperation, if there were ever a venue where this dialog would take place, we would be here until the wee hours of the morning.

Mayor Bonaccorso said that the people here have all the answers, so do you want to do it here or do you want to work with them at a meeting. It doesn't matter to us. We want to do what is best for everybody.

Mrs. Papen stated that she is a part of the Finance Committee and noted we have been asking the Mayors for their input on how we could save. What are their suggestions and they just referred back to the one letter that was sent to us. Mrs. Papen stated that she would be happy to answer the questions now. She added that she and the staff had met in Scotch Plains the other night and we answered all their questions in an hour.

Mayor McCormac stated then they voted 4-1 and asked you to delay the budget. You have asked us many times, how many times do you think we can delay. Mrs. Papen added that this Commission is an autonomous body and we are supposed to operate independent of the municipalities. Now, as the Mayor of Mountainside said you send a representative here and you expect them to do what is best for this body and indirectly what will be best for their towns. So you have to trust us to do it.

Mayor Bonaccorso stated that it's not about trust or faith. I talked earlier about having a partnership. You represent us as the town. If you are autonomous, then why don't you bill it yourself and take us out of the loop. We asked you to do that years ago. Mrs. Papen said that it's a State Law, we didn't make it up. Mr Bonaccorso said would you support me going to the legislature to have that legislation passed in Trenton that you people bill it yourself. If you give me a roll call vote right now, and I can bring that down to Trenton with me, Mayor McCormac is on the transition team. Your autonomous then, you can do whatever you like. Elizabethtown Water does, Public Service Electric and Gas does, Etown Gas does. We don't get involved. People don't call me and say hey Mayor Sal, why is my gas bill going through the roof, they call the Gas Company.

Mr. Materna said that he listened to the questions and stated that they are all valid questions. He stated that certain matters addressed, deserve further comments. First, this Authority does not budget to produce a surplus. He added that Mr. Pelissier was a board member when we returned \$6 million of surplus to our members through reduced assessments. A substantial portion of that surplus was attributable to timing problems related to the start-up of a major project. Every year in the past few years, the start-up of this project was pushed forward and forward. This delay resulted in actual operating expenses being less than budgeted expenses. Second, all of the questions that were asked tonight were addressed over the last three months by our Commissioners and members of our management team.

Mr. Materna then addressed the components of the proposed Year 2010 Budget. Sources of funds are 1) assessments \$23,440,000; 2) other income \$255,000; and 3) surplus of \$3,730,500. The surplus amount relates to three principal components: 1) \$2.2 million related to estimated Year 2009 operating expense savings (budget vs. actual); 2) a \$1 million reduction in the Capital Replacement Fund; and 3) a \$338,000 reduction of our Operating Reserve requirement under our Bond Indenture.

Uses of funds include 1) operating expenses of \$14,642,500; and Debt Service Payment requirements of \$12,783,000 (net of realized refinancing and interest income credits of \$796,000

related to N.J. Environmental Infrastructure Debt Obligations).

A question was raised this evening related to the Cash Balance in our Capital Replacement Fund. Mr. Materna stated that there will always be a need for funds to cover unexpected capital costs associated with our plant facility. Mr. Brinker added that our major collection system covers approximately 18 miles. Our pipes range in size from 12" to 72". Those pipes were built in 1928 and have been in existence since. Only recently we had to have a relining project of one short section of piping which was deteriorated by hydrogen sulfite. The cost of that small repair was substantial. Imagine what the cost would be if we have a problem with our larger/midsize pipes. Mr. Brinker added that he prepared a number of treatment plant budgets over the years and fortunately, knock on wood, he had yet to have a major disaster or had yet had to go back to a town for additional monies.

Another question raised this evening is what our estimated Unreserved Retained Earnings will be as of December 31, 2009. Mr. Materna stated that, that amount will approximate \$1 million. He also stated that although there is no statutory requirement to have a surplus, he feels that prudence dictates that a surplus of some amount should be maintained.

Mayor Bonaccorso said I sat in Clark Township and listened to a Superintendent of Schools talk about double digit tax increase ever year, reduction in staff, athletics programs and when that was all put to bed and taken away, we now a run where were not going up more than \$36 or \$40 a home every year for education for the children like the one gentlemen said. What were saying is that every year, you have an exorbitant amount of surplus and we commend you for not overspending your budget. We appreciate that. But we have to come down here and fight to get the surplus back. I believe that Mr. Brinker and Mr. Materna can absolutely justify that budget and we've got professionals that are saying we have some very serious questions about it. So let's not delay, let's not carry this on all night. Let's sit down and go over it. We're your partners, not autonomous Joan, that's where you and I have always had a problem. You are appointed by the Mayor and Council of Scotch Plains and those people deserve answers and so do the tax payers of Scotch Plains who elect those people to appoint you to the job. There is a lot of unrest in that community over what's going on and I'm not saying Mayor Malool is wrong, I have a great deal of respect for her. No ones autonomous. We need to work together.

Mr. Pelissier said that Mr. Materna is incorrect in what he said. He noted that the numbers are what you provided as of October 25, 2009 funds provided by unreserved retained earnings were \$2.685 million. After this came out, I looked at it and the proposed budget have a document dated December 10th with that same funds provided by unreserved retained earnings now has been increased by \$3.7 million. I don't care where you got it from, but that's what this says. Mr. Materna stated that he agreed but made one clarification. The \$1 million change from October to December that you are referring to related to the \$1 million reduction in the Capital Replacement Fund. Finalization of this amount was confirmed after the preliminary budget was prepared.

Mr. Pelissier said either way that it was done is fine, but I'm saying there is more that can be done. It's just that you believe it shouldn't be done. As one of the larger rate payers, because every million dollars that you put back in, that's \$150,000 for Rahway. So if you reduce the offset to \$4 million instead of \$3 million that would be the impact back to the city of Rahway.

Mr. Mazzarella stated lets move this along. He is going to let Mrs. Papen make a comment, Mr.

Sefranka and then I'm going to Sam Steinman and then to the rest of you.

Mrs. Papen said maybe one of the Finance Committee would like to say something. Mr. Chin said I have been here for 25 years and I have the most respect for all the Mayors and always vote in favor of reduction in the assessment. Westfield is one of the big three contributors. I assume that the Commissioner that you send down here speaks for you and I said it in a news article that your budget oversight Committee is a No Vote of Confidence in your commissioner. Weather you like it or not, that's the way it came out. Newspapers have a way of saying what they think you want to say. We want to reduce your taxes. I understand. I'm a former Mayor, Joan is a former Mayor. I think a little disrespect was shown to us – you didn't even tell us you were going to have a press release. Not even a hint and all of a sudden, you blast it out, Budget Oversight Committee – we can't let these guys run away with the money and everything else. That is a little disrespect and I felt a dissed. So you want to talk about partnership, where was the partnership there. It was absent. I am willing to stay as long as you want, till one or 2 o'clock to answer your questions but you had the budget 3 to 4 weeks, have you not met in that time. Tonight is the first time you came here with questions. We thought the letter from Woodbridge Mayor and Laezza was all your questions. If you had more questions you should have come out in the letters. You had till December 9th to send it to us and all we got was two letters, one of the letters was through Frank but nobody signed it. No answer. Now Peter, in all due respect you are not qualified with regard to staffing a sewerage plant. Mike feels he has. Mike is in charge of this plant. I asked Mike in the beginning do you have the minimum amount of employees to operate this plant safely and in the best of health for the communities. He said he had the minimum amount, no excess people. I was satisfied by that. We have a plant here that goes 24 hours a day, 7 days a week. Not like you guys who close up Public Works on Holidays and weekends. We are 24/7. We have people here. If anything happens, would you like to pay for the insurance and damage that pollution backflow would cause if one guy was short and couldn't get to a button to push a button to pump. You have to realize the fiscal responsibility of this plant. We need the people. Mike is the expert, he is closest to it and I trust him to it so we don't have any excess people. Somebody laughed at the cost of construction.

Mr. Chin stated that China bought up all of the US's raw materials which was a major factor in cost increases in this project. Mr. Chin pointed out that the RVSA was singled out to upgrade its plant. The NY Times just ran an article on NY City's Sewerage Treatment plants which are way behind the times. RVSA is now one of the most advanced plants around the State and Country. Mr. Chin pointed out the cost of sewerage treatment for the end user is very reasonable. He noted that in Westfield is about \$310.00 per household per year, which he compared to his gas bill of \$266.00 per month, electric of \$166.00 per month, garbage \$54.00 per month, phone \$75.00 per month.

In response to Mayor McCormac, all of the line items have detailed backup information in the budget book that was given to each municipality. Mr. Chin noted that he went over the budget with his Mayor and Council.

Mr. Sefranka stated that he felt that no action should be taken until we come to some agreement on the start up of the cogeneration facility. He recommended that the matter be tabled until an agreement is reach because we report to our municipalities and every taxpayer.

Councilman Steinman and Councilman Wenson-Maier spoke.

Mr. Mazzarella asked Mayor McCormac, Mr. Pelissier, and Mayor Bonaccorso if their questions were addressed. Mayor McCormac stated that Mr. Materna had addressed some of the revenue issues, but nothing on the expense side, but added that he did not expect that tonight.

Mr. Pelissier stated that he did not feel that his questions had been addressed either, especially with regard to the personnel and the start-up of the Cogeneration Facility.

Mr. Bonaccorso stated that he did not feel his questions were answered either.

Mr. Murphy stated that between Rahway, Woodbridge and Clark there will be a \$1.5 million proposed reduction in their assessments. You are saying that you want to reduce the budget by another \$1 million. I wish to point out that the ramifications of stripping this budget further will have a greater impact on the assessments to the municipalities next year and in subsequent years to come.

Mr. Mazzarella stated that in his opinion that in a good faith effort, this should be tabled until we can meet with the Mayors to go over the budget.

Mr. Brinker stated that we do participate in shared services for equipment; however, we cannot share employees. Secondly, with regard to the Cogen Facility, we have been provided a document by our Counsel with regard to the running of the Cogen facility; however, this is attorney client privilege. Mr. Brinker added that he felt it was a slap in the face by Mr. Pelissier to take a shot at Mr. Brinker's son being employed at RVSA when there are municipalities within the service area that employ relatives of people working within those municipalities.

Mr. Mazzarella asked what is the Boards pleasure with regard to action on the proposed 2010 budget.

Mr. Ventura stated that a point of order, the suspended order of business was to hear from the Mayors not to take action on under which are on the agenda under New Business and that we are supposed to follow the order of the agenda.

Mrs. Papen made a motion to return to the regular order of business. Mr. Chin seconded the motion and the motion was approved by those present.

Mr. Mazzarella asked for a motion to further suspend the regular order of business to act on Resolution #09-104. Mr. Sefranka made the motion, seconded by Mr. Greet. Mr. Ventura stated that he feels as though he is being led by the nose. There are representatives here tonight that are saying "we are the three big towns", Mr. Ventura added that every town has one vote each; he noted that he represents the smallest town; however, his vote is just as powerful as their vote. The people who worked to create this Authority did so by lengthy negotiations by which we still work. After brief discussion, the Vice Chairman requested a roll call vote.

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Clark	Kenilworth		Woodbridge
Cranford	Roselle Park		
Garwood			
Mountainside			
Rahway			
Scotch Plains			
Springfield			
Westfield			

As the vote was 8 to 2, the motion passed.

Mr. Sefranka made a motion to table Resolution #09-104 postponing the vote on the budget until the January 21, 2010 Regular meeting. Mr. Greet seconded the motion. The Vice Chairman requested a roll call vote.

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Clark	Kenilworth	Cranford	Woodbridge
Garwood	Mountainside		
Rahway	Roselle Park		
Springfield	Scotch Plains		
	Westfield		

As the vote was 4 to 5 with 1 abstention, the motion was defeated.

Mr. Dierkes made a motion to approve Resolution #09-104 and seconded by Mr. Chin. Mr. Ventura called for a vote.

RESOLUTION #09-104
 RAHWAY VALLEY SEWERAGE AUTHORITY
 FISCAL YEAR: From January 1, 2010 To December 31, 2010

WHEREAS, the Annual Budget and Capital Budget for the Rahway Valley Sewerage Authority (“Authority”) for the fiscal year beginning January 1, 2010 and ending December 31, 2010 has been presented before the governing body of the Rahway Valley Sewerage Authority at its open public meeting of December 17, 2009; and

WHEREAS, the Annual Budget as introduced reflects Total Revenues of \$23,695,000.00, Total Appropriations including any Accumulated Deficit if any, of \$27,425,500.00 and Total Unrestricted Net Assets utilized of \$3,730,500.00; and

WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of \$5,000,000.00 and Total Unrestricted Net Assets planned to be utilized as funding thereof, of \$ - ; and

WHEREAS, the schedule of rates, fees and other charges in effect will produce sufficient

revenues, together with all other anticipated revenues to satisfy all obligations to the holders of bonds of the Authority, to meet operating expenses, capital outlays, debt service requirements, and to provide for such reserves, all as may be required by law, regulations or terms of contracts and agreements; and

WHEREAS, the Capital Budget/Program, pursuant to N.J.A.C. 5:31-2, does not confer any authorization to raise or expend funds; rather it is a document to be used as part of the said Authority’s planning and management objectives. Specific authorization to expend funds for the purposes described in this section of the budget, must be granted elsewhere; by bond resolution, by a project financing agreement, by resolution appropriating funds from the Renewal and Replacement Reserve or other means provided by law.

NOW, THEREFORE, BE IT RESOLVED by the governing body of the Rahway Valley Sewerage Authority, at an open public meeting held on December 17, 2009, that the Annual Budget, including appended Supplemental Schedules, and the Capital Budget/Program of the Rahway Valley Sewerage Authority for the fiscal year beginning January 1, 2010 and ending December 31, 2010 is hereby approved; and

BE IT FURTHER RESOLVED, that the anticipated revenues as reflected in the Annual Budget are of sufficient amount to meet all proposed expenditures/expenses and all covenants, terms and provisions as stipulated in the said Authority’s outstanding debt obligations, capital lease arrangements, service contracts, and other pledged agreements; and

BE IT FURTHER RESOLVED, that the governing body of the Rahway Valley Sewerage Authority will consider the Annual Budget and Capital Budget/Program for adoption upon receipt of the approved copy from the State of New Jersey Dept. of Community Affairs.

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Cranford	Clark	Springfield	Woodbridge
Garwood	Rahway		
Kenilworth			
Mountainside			
Roselle Park			
Scotch Plains			
Westfield			

As the vote was 7 to 2 with 1 abstention, the motion was approved.

Mr. Chin stated that he is still free at any time to meet with the Mayors at their convenience to answer any questions they may have.

Mr. Mazzarella stated that he wished to thank all of the Mayors and elected officials that took time out to come before us.

Mr. Sefranka made a motion for a five minute recess at this time, 9:40 p.m. The motion was

seconded by Mr. Murphy and unanimously approved by those present.

Most members of the public left the meeting at this time.

Mrs. Papen made a motion to return to the Regular Order of Business at 9:49. The motion was seconded by Mr. Chin and approved by those present.

Mrs. Abram left the meeting at this time, 9:50 p.m.

Regular Order of Business

Approval of Minutes

Mr. Murphy made a motion, seconded by Mrs. Papen, to approve the minutes of the Regular Meeting held October 15, 2009. The motion was approved by those present with the exception of Mr. Greet who abstained. Mrs. Abram and Mr. Luban were absent.

Mr. Murphy made a motion, seconded by Mr. Sefranka, to approve the minutes of the Regular Meeting held November 23, 2009. The motion was approved by those present with the exception of Mr. Venturo who abstained. Mrs. Abram and Mr. Luban were absent.

Communications

The following letter addressed to Michael Brinker, Executive Director, was received December 14, 2009 from James K. Hamilton, Administrator, Water Compliance and Enforcement, NJDEP:

“Pursuant to paragraph 60 of the October 12, 2001 Consent Order and Final Judgment (JCO), UNN-C-163-98, as modified May 10, 2005, and as augmented in pertinent part by the May 4, 2009 Superior Court Appellate Division, Docket No. A-103-08T3 Stipulation of Settlement, the Department is providing Rahway Valley Sewerage Authority written notice that the terms and conditions of the final JCO have been satisfied.

The Department would like to congratulate and thank RVSA and its staff on the completion of the sewerage treatment upgrades. The working relationship between RVSA and my staff, as well as the staff members in Division of Water Quality, Point Source Permitting and Municipal Construction and Finance Sections, during all phases of this construction project, as memorialized in the JCO, is a true testament to professionalism in environmental protection.

These upgrades along with compliance and the operations and maintenance of the plant provide long term benefits for the protection of water quality and the health of the citizens within your service area.

If you have any questions concerning the termination of the JCO, you may contact Bryan C. Barrett of my staff at 609-439-6355 or by letter at the address above.”

The following letter addressed to the Board of Commissioners of the Rahway Valley Sewerage Authority was received December 2, 2009, from Robert B. Cagnassola, Partner of Suplee, Clooney & Co.:

“On behalf of the entire organization at Suplee, Clooney & Company, I am delighted to offer our best wishes for a most joyous and peaceful Holiday Season.

At this time of the year, as we pause to reflect on the past and consider the future, we recognize how fortunate we are for the confidence you place in us. Being considered a part of your official family is truly an honor and we trust this relationship will continue for many years to come. Please be assured that we will exert every effort aimed at continuing our well established tradition of providing reliable professional services and sound technical advice. Should you or members of your staff have any questions or need assistance for any reason what-so-ever, we encourage you to please contact us immediately.

Again, warm wishes for the holiday Season and may the New Year be healthful and prosperous for you and all of those around you.”

Report of Treasurer

The Treasurer’s Reports for the month of November 2009 have been distributed to the Commissioners for review and will be spread on the minutes. So ordered.

Report of Executive Director

Sewer Treatment Endorsements

The following is a list of Sewer Treatment Endorsements processed between 11/16/09 and 12/16/09. A copy of the log sheet with additional information related to these applications has been distributed for your reference:

<u>Number</u>	<u>Date</u>	<u>Applicant</u>	<u>Municipality</u>
1144-09-WB	11/16/09	Zappia Investments c/o AJV Engineering	Woodbridge
1145-09-WB	11/18/09	Woodbridge Place Associates II	Woodbridge
1146-09-WB	11/23/09	Hunter Roberts Construction Gp.	Woodbridge
1147-09-WB	11/23/09	Hunter Roberts Construction Gp.	Woodbridge
1148-09-WB	11/25/09	Mark Alan Farese	Woodbridge
1149-09-RW	11/25/09	Maia Sieira	Rahway
1150-09-WB	12/02/09	Knock on Wood	Woodbridge
1151-09-CL	12/02/09	Diverse Development	Clark
1152-09-SF	12/10/09	County of Union	Springfield
1153-09-WB	12/14/09	Carlos Marroquin	Woodbridge
1154-09-RW	12/15/09	Rafael Ortiz	Rahway

Monthly Reports

The following reports were received, distributed to the Commissioners and discussed at the Engineering Committee Meeting:

- PS&S Monthly Engineering Report
- CCMS - Contract #105 – Cogeneration Facility
- CCMS - Contract #155 – WWTP Upgrade
- Weiner Lesniak – Monthly Report
- RVSA Contractors & Engineers Claims for Payment
- RVSA Purchase Orders in Excess of \$1500.
- RVSA Operations Report

IPP Monthly Report

The following updated reports were received and will be discussed this evening.

- PS&S Monthly Report
- Weiner Lesniak – Monthly Report Update

Contract #105-C Construction Oversight Services - CCMS

CCMS is continuing work on this contract.

Contract #105-C Construction Oversight Services - CCMS

Contract Amendments are being processed monthly for work being performed by CCMS and PS&S on Contract #105-C. CCMS's current invoices (Amendment #21) are in the amounts of \$14,441.00 and \$12,172.90 total amended contract amount of \$2,643,922.97. Action is on the agenda under New Business.

Contract #144-E Engineering on Trunk Sewer Rehab

PS&S submitted a letter requesting an additional \$7,850.00 for work on this contract, specifically related to Mediation Preparation and Attendance at meetings with Counsel and RVSA Staff. A copy of the letter was distributed to the Commissioners for review. Based on the Committees recommendation, action is on the agenda under New Business.

Contract #155-C Construction Oversight Services - CCMS

CCMS is working on Contract Close out.

Contract #159 – CSP - Chemical Handling and Feed Systems

A&A Industrial is continuing work on this contract. The Consulting Engineer will report further on the status of this contract.

Contract #1024-REBID #1- Furnish & Deliver Emulsion Polymer

A Notice to Bidders was posted on the Authority's website, advertised in the Star Ledger and sent to companies on our Bidders List. On November 5, 2009, the following Bids were received:

<u>Company</u>	<u>Item</u>	<u>Amount</u>
Tidewater Products Toledo, OH	\$0.94/lb @11.5 lb/ wt	\$118,910.00
Polydyne, Inc. Riceboro, GA	\$0.85/lb @14.95 lb/ wt	\$139,782.50

The bids were sent to Counsel for review and performance testing was done. The Superintendent and Executive Director have evaluated the results and recommended award to Polydyne, Inc. As reported at the Engineering Committee Meeting an email from Tidewater Products contending that they are the successful bidder based on their test results. They have since submitted an email acknowledging a calculation error as we suspected. Based on the foregoing and the performance tests as evaluated by the staff, we recommend award to Polydyne. A motion is on the agenda under New Business.

Pollution Liability Coverage

The Authority received a proposal from XL Insurance Company for Pollution Liability Coverage with a premium of \$21,793. This coverage is primarily for the distribution of our dried sludge; however, in order to get this coverage the entire plant has been evaluated and is included in the coverage. I recommend purchase of this policy and action is on the agenda under New Business.

Excess Flow Hearings

Annual Excess Flow Hearings should be held. As none of the municipalities have Council meetings on the fourth Thursday of the month therefore the Hearings have been scheduled to be held on February 25, 2010. The municipalities with more than 10 exceedances in 2009 are Kenilworth, Roselle Park, Springfield and Woodbridge. Action is on the agenda under New Business.

TWA Cranford

A Treatment Works Application was submitted by the Township of Cranford on behalf of itself. The application is for a project whereby they are abandoning an old 15" sanitary sewer, installing three relocated new sections of 15" sanitary sewer and reconnecting at existing RVSA manholes. As this is a rehabilitation project, there will be no increase in flow. I have reviewed the application, found it to be in order and recommend approval. Action is on the agenda under New Business.

Report of Consulting Engineer

The following report to the Authority's Board summarizes our activities for the period of November 17, 2009 through December 11, 2009.

JCO Compliance/NJPDES Permit

No activity.

Trunk Sewer Rehabilitation - Contract #144

PS&S continues to dispute the remaining contractor claims related to the contractor's assertion that he was delayed. General Counsel has scheduled the mediation that was requested by the Contractor for January 12, 2010. PS&S reviewed correspondence files and consulted with Counsel regarding documentation for the mediator.

Air Permitting

PS&S has continued to provide follow-up review, discussions and input regarding the Authority's Appeal on the NJDEP new requirements of concern to the Authority in the most recent NJDEP Title V Air Permit Modification Approval regarding the operation of the Cogen engines; At the Appeal settlement meeting with NJDEP on October 16, 2009, NJDEP had agreed to make concessions on all of the air permit conditions of concern to the Authority; and after the settlement meeting, PS&S provided additional review and comments to the Authority on NJDEP's proposed concession revisions; and PS&S will continue to provide assistance to the Authority during the Appeal settlement process / Title V Mod approval process.

In addition, upon startup of the Cogeneration/Sludge Drying Facility's Thermal Hot Oil Heater (Oil Heater), PS&S will be providing assistance to the Authority regarding the preparation of the required USEPA notification and information submittal for the startup of the Oil Heater; and PS&S will also continue to provide assistance to try to obtain relief from the USEPA requirement to maintain detailed records of every startup & shutdown etc. of the Oil Heater.

Contract #158 Outfall Repair

Montana Construction has completed all contract work including the wetlands restoration. PS&S has discussed the wetlands restoration with the NJDEP and will continue follow-up with them. PS&S is in the process of coordinating the project close with the contractor.

Contract #159 Chemical Feed System Improvements

Work has continued in both the Headwork's and Pump and Blower Buildings. The work includes demolition and installation of the following: double containment chemical piping and supports, pump skids, metal framing and sheetrock for containment walls, painting, dilution and cold water piping, chemical fill station, FRP grating and handrails, stairs and platforms, interior and exterior emergency shower/eyewash stations and chemical pump control panels. We are currently waiting for the contractor to provide an updated schedule for completion now that all equipment has been received and SCADA issues have been resolved. The contractor is currently beyond the contract completion date.

Contract #161 Rehabilitation of the Sludge Storage Tank Covers, Sludge Storage Tank Control Building and Sludge Pumping Station

Spectraserv Inc. has completed all tank rehabilitation work. Spectraserv has also completed the roof work. The outstanding roof metal panel-trim and cap flashing is scheduled for installation December 14 through December 15, 2009. PS&S is providing on site supervision on an as needed basis.

User Charge and Flow Rights Reports

The October flow rights and User Charge updates were provided to the Authority on November 16, 2009. High BOD and TSS readings were noted for Meter #20. The November reports were submitted.

Report of Counsel

The following is a summary of all General Counsel Services that have been provided by this office to the Rahway Valley Sewerage Authority for the time period covering November 18, 2009 through December 14, 2009.

CSP Improvements & related issuesContract #155

We continue to monitor and evaluate potential delay claims being asserted by the contractor/electrical subcontractor with respect to Contract #155. We previously provided the Executive Director with detailed legal memoranda evaluating the merits of same and making recommendations with respect to actions to be taken by the Authority.

This office has received a Notice of Claim from the contractor on behalf of its electrical subcontractor which has been reviewed by the Authority and its consultants. A response has been submitted to the contractor setting forth the Authority's position with respect to same. The subcontractor has also recently filed a municipal mechanic's lien claim pursuant to N.J.S.A. 2A:44-125 et seq. in the amount of \$256,609.61 against monies owed to the general contractor. By letter dated August 25, 2009 the contractor has formally disputed the municipal mechanic's lien claim. Mediation sessions with respect to the subcontractor's claims have been scheduled for February 10, 2010, February 17, 2010 and, if necessary, February 18, 2010. This matter may be discussed in Executive Session.

Contract #105 - Cogeneration Facility

The Authority and the contractor have been named as defendants in a lawsuit filed by Caterpillar and Foley Power Systems ("CAT/Foley") seeking to repossess the temporary diesel generators that were installed by CAT/Foley on the Authority's property pursuant to an agreement executed between them and the contractor. The Authority's responsive pleading setting forth its Answer, Counterclaim and Crossclaim, including its claim for liquidated damages against the contractor, was filed on April 9, 2009. On July 2, 2009 the Authority filed 3rd party claims against its consultants PS&S and CCMS alleging its right to indemnification/contribution based on the

contractor's crossclaim for delay and errors and omissions. The parties are now engaged in discovery. We have also had extensive consultations with the Executive Director regarding the exhaust breeching restraint issue. Waldron Engineering has been retained by the Authority for purposes of calculating the design pressure so that a redesign of the breeching system can be performed. Finally, CAT/Foley has filed a motion for partial summary judgment seeking judgment against JH Reid in the amount of \$669,250 in contract damages for past generator rental costs and an order that Reid pay \$66,925 monthly beginning January 1, 2010 for future rental costs of the generators. This matter may be further discussed in Executive Session.

Miscellaneous

Contract #144 - Trunk Sewer Rehabilitation

We have had several discussions with the Executive Director and the Consulting Engineer regarding the contractor's potential change orders (claims) as well as the Authority's claims for liquidated damages and credits being asserted against the contract. In addition, we have conducted extensive legal research with respect to the issues surrounding the contractor's two largest claims which was the subject of a detailed legal memorandum previously provided to the Executive Director. On May 15, 2008 we sent a letter to the contractor's counsel denying the contractor's claims and making a demand for liquidated damages and credits against the contract to which the Authority is entitled. The contractor's counsel responded by letter dated June 18, 2008 whereby he requested that if the claims could not be resolved in the near future that the Authority designate its desired alternate dispute resolution (ADR) procedure and that the matter proceed in accordance with such ADR. We responded by letter dated June 23, 2008 requesting certain information from the contractor which, to date, has not been provided. By letter dated September 4, 2008 the Contractor made a formal request for an extension of time from June 11, 2007 to December 11, 2007, a time period of 153 days. We prepared a response to the Contractor's request for an extension of time on behalf of the Executive Director. By letter dated October 24, 2008 the contractor expressed its desire to continue with its delay claims. On April 9, 2009 this office received an expert's report from the contractor's counsel purportedly supporting its three (3) claims. A response to the report prepared by the Authority's consultants denying the basis for the contractor's claims has been forwarded to the contractor. The contractor's claims are scheduled for mediation at the Authority's offices on January 12, 2010.

NJDEP v. Occidental Chemical Corp. et al. (Passaic River Litigation)

The RVSA and all of its constituent municipalities have been named as Third Party Defendants by the original defendants to this lawsuit. The original lawsuit was filed in 2005 by NJDEP against several chemical companies that had an interest in a piece of property located in Newark alleging that the companies had polluted the Passaic River with various hazardous chemicals including DDT and TCDD, some of the most hazardous dioxins known to man. The Complaint alleges that as a result of the defendants practices of dumping these chemicals into the river between 1940 and 1971 the entire Newark Bay Complex, defined as the lower 17 miles of the Passaic River, Newark Bay, the lower reaches of the Hackensack River, the Arthur Kill, the Kill van Kull, and adjacent waters, have become polluted and seeks to have the original defendants pay for the cost of the clean up. The original defendants in their Third Party Complaint allege that approximately 73 public entities such as various municipalities and sewerage authorities,

including the RVSA and its constituent municipalities, should share in the liability for the cleanup due to their alleged practices of discharging hazardous chemicals into the Newark Bay Complex.

The Authority filed its Answer to the Third Party Complaint on September 25, 2009. On October 23, 2009 this office sent a letter to the court appointed special master for the case requesting relief from the case management orders prohibiting the filing of motions to dismiss until a later date. A copy of the letter was sent to the Board. To date, we have not received a response to our letter from the special master, however, a meeting was held with the special master on November 23, 2009 for purposes of bringing the public entity third-party defendants up-to-date regarding the status of the case at which time certain counsel, including this office, were selected to serve on a Steering Committee in order to provide a voice to public entity third-party defendants, such as the Authority, with respect to certain procedural issues including early disposition through motions to dismiss. This office has also been asked to participate on a sewerage authority subcommittee. A meeting of this subcommittee was held on December 10, 2009. This matter may be discussed in Executive Session.

Clark Twsp. Assessment issue

On August 18, 2009 the Authority was served with a lawsuit filed by Clark Twsp. seeking to rescind or otherwise reform the 1995 Service Agreement in order to allow for a reduction in the Township's assessment due to the closure of operations of a major industrial user, United Gypsum. This office filed a motion to dismiss Clark's third-party complaint on September 22, 2009 with which all of the other member municipalities joined. By Letter Opinion dated December 8, 2009 the court granted the Authority's motion. Should Clark choose to appeal it must be filed within forty-five (45) days of the court's order of December 8, 2009.

Committee Reports

The Vice Chairman asked if there were reports from any of the following Committees:

Engineering Committee (Allen Chin, Chairman)

Mr. Chin stated that an Engineering Committee Meeting was held December 10, 2009, at which time several items were discussed. Items that require action are on the

Finance Committee (Joan Papen)

Mrs. Papen stated that a Finance Committee Meeting was held December 10th at which time the 2010 budget was discussed. A Finance Committee Meeting was held earlier this evening at which time the Bills and Claims were reviewed. Action is on the agenda under New Business and Bills and Claims.

Insurance Review Committee (J. Murphy, Chairman)

No report.

Legal Committee (Frank Mazzarella, Chairman)

No report.

Personnel Committee (Rene Dierkes, Chairman)

No report.

Public Relations Committee (Paul Sefranka, Chairman)

No report.

Security Committee (Frank Mazzarella, Chairman)

No report.

Sludge Management Committee (Attilio Venturo, Chairman)

No report.

Unfinished Business

None.

New Business

The following Resolution #09-95 was offered by Mr. Chin, on motion of Mr. Chin, and seconded by Mr. Murphy. The resolution was approved by those present. Mr. Luban was absent.

RESOLUTION #09-95

WHEREAS, the Rahway Valley Sewerage Authority previously approved Resolutions #03-89, #07-16, #07-23 and #09-23, #09-31, #09-32 , #09-44, #09-46, #09-51, #09-62, #08-80, #09-08, #09-17, #09-23, #09-32, #09-41, #09-49, #09-58, #09-60, #09-64, #09-70 and related Agreements for Contract #105-C, for the purpose of engaging Consolidated Construction Management Services (CCMS), for Professional Services specifically to serve as the Construction Manager on Contract #105-Cogeneration/Sludge Drying Facility; and

WHEREAS, the Authority has determined that there is a need to amend this agreement; and

WHEREAS, CCMS engaged the firm Paulus, Sokolowski & Sartor (PS&S) as a subcontractor (“Subcontractor”) to assist them on this contract; and

WHEREAS, CCMS submitted documentation reflecting the need for a contract extension and additional monies related to their work on Contract #105-C; and

WHEREAS, the additional amount to be authorized for this Contract is \$26,613.90; and

WHEREAS, the Secretary-Treasurer of the Authority, who is the Chief Financial Officer, hereby certifies that the necessary funds for said contract are available in the 2009 Annual Budget.

WHEREAS Professional Services have been determined to be exempt from public bidding under Title 40A.

NOW, THEREFORE, BE IT RESOLVED by the Rahway Valley Sewerage Authority that the previously adopted Resolutions and related Agreements with CCMS in an amount of \$2,617,309.07 be and are hereby amended to provide for the increased contract amount of \$26,613.90 resulting in an amended contract amount not to exceed \$2,643,922.97; and

BE IT FURTHER RESOLVED that CCMS shall be required to provide the Authority with monthly invoices which shall include supporting documentation for its services and the services of its Subcontractor; and

BE IT FURTHER RESOLVED, that the Authority will make payment to CCMS and its Subcontractor based upon the Authority's analysis of the monthly submissions; and

BE IT FURTHER RESOLVED that the Chairman and Secretary are authorized to execute an amendment to the Professional Service Contract previously entered into; and

BE IT FURTHER RESOLVED that a "Notice of Award" be published in accordance with law.

The following Resolution #09-96 was offered by Mr. Chin, on motion of Mr. Chin, and seconded by Mr. Murphy. The resolution was approved by those present. Mr. Luban was absent.

RESOLUTION #09-96

WHEREAS, the Rahway Valley Sewerage Authority previously approved Resolutions #03-50, #07-25, #07-54, #07-74, #08-05, #08-20, #09-343 and related Agreements for Contract #144A/E, for the purpose of engaging Paulus, Sokolowski & Sartor (PS&S), 67A Mountain Blvd. Ext., Warren, NJ, for Professional Services specifically related to Contract #144 Trunk Sewer Rehabilitation; and

WHEREAS, the Authority has determined that there is a need to amend this agreement to provide for Engineering Services related to the mediation preparation and attendance at meetings with Counsel and RVSA Staff associated with this contract; and

WHEREAS, Paulus, Sokolowski & Sartor submitted documentation reflecting the need for additional monies related to the additional scope on this contract; and

WHEREAS, the additional amount to be authorized for this Contract is \$7,850.00; and

WHEREAS, the Secretary-Treasurer of the Authority, who is the Chief Financial Officer,

hereby certifies that the necessary funds for said contract are available in the 2009 Annual Budget.

WHEREAS Professional Services have been determined to be exempt from public bidding under N.J.A.C. 40A:11-1 et. seq.

NOW, THEREFORE, BE IT RESOLVED by the Rahway Valley Sewerage Authority that the previously adopted Resolutions and related Agreements with Paulus, Sokolowski & Sartor in an amount of \$287,353.00; be and are hereby amended to provide for the increased contract amount of \$7,850.00 resulting in a total contract not to exceed \$295,203.00; and

BE IT FURTHER RESOLVED that the Chairman and Secretary are authorized to execute an amendment to the Professional Service Contract previously entered into; and

BE IT FURTHER RESOLVED that a "Notice of Award" be published in accordance with law.

Mr. Chin made a motion, seconded by Mr. Murphy, to reject the low bid on Contract #1024 REBID #1, from Tidewater Products as they failed the performance test and to award the contract to the lowest responsible bidder, Polydyne, Inc. of Riceboro, GA in an amount of \$0.85/lb @14.95 lb/wt, total estimated contract amount of \$139,782.50. The motion was approved by those present. Mr. Luban was absent.

The following Resolution #09-97 was offered by Mr. Chin, on motion of Mr. Chin, and seconded by Mr. Greet. The resolution was approved by those present. Mr. Luban was absent.

RESOLUTION #09-97

AUTHORIZING PROCEDURES & HEARING IN CONNECTION WITH THE EXCEEDENCE OF FLOW RIGHTS IN ACCORDANCE WITH THE REVISED AGREEMENT DATED JANUARY 11, 1995 BY AND BETWEEN THE RAHWAY VALLEY SEWERAGE AUTHORITY'S MEMBER MUNICIPALITIES

WHEREAS, the Rahway Valley Sewerage Authority (the "Authority") is governed in part by a certain revised Agreement (the "Agreement") dated January 11, 1995 by and between the Authority's member municipalities; and

WHEREAS, the Agreement provides for the procedures to be employed and the hearing to be held attendant to the exceedance of flow rights belonging to the individual member municipalities as set forth in the Agreement; and

WHEREAS, the Authority has received information that one or more of the member municipalities have exceeded the amount of flow rights specifically provided for under the Agreement; and

WHEREAS, as a result the foregoing information, the Authority wishes to commence

those procedures that would result in a hearing before the Authority concerning whether or not there has been a violation of the flow rights as set forth in the Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the Rahway Valley Sewerage Authority, County of Union, and State of New Jersey as follows:

Kenilworth, Roselle Park, Springfield and Woodbridge

The Authority authorizes an Exceedance Hearing on the matter of the Township of Woodbridge, the Borough of Kenilworth, the Borough of Roselle Park, and the Township of Springfield's Flow Rights. Such Hearing to be held on the 25th day of February, 2010 beginning at 6:30 p.m., 7:00 p.m., 7:30 p.m. and 8:00 p.m. respectively, in the Authority Board Room located at the Rahway Valley Sewerage Authority plant, 1050 East Hazelwood Avenue, Rahway, New Jersey.

At the time of the Exceedance Hearing the Authority shall hear any and all evidence presented by the Township of Woodbridge, the Borough of Kenilworth, the Borough of Roselle Park, and the Township of Springfield disputing the exceedance or the amount thereof.

Notice of the above meeting shall consist of a certified copy of this Resolution served upon the municipal clerk of the Township of Woodbridge, the Borough of Kenilworth, the Borough of Roselle Park, and the Township of Springfield by regular mail no less than one (1) week prior to the date of the hearing set forth in Paragraph 1, herein.

Requests for adjournments must be in writing and received by the Authority at least ten (10) days before the scheduled date of hearing.

BE IT FURTHER RESOLVED that all appropriate Authority officials, professionals and personnel are authorized to prepare those documents and perform those tasks that will affect the purposes of this Resolution; and

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately and/or as required by law.

The following Resolution #09-98 was offered by Mr. Murphy, on motion of Mr. Murphy, and seconded by Mr. Chin. The resolution was approved by those present. Mr. Luban was absent.

RESOLUTION #09-98

WHEREAS, the Rahway Valley Sewerage Authority solicited and received a proposal for insurance coverage related to Pollution Coverage, Contract #1021G; and

WHEREAS, pursuant to the Local Public Contracts Law N.J.S.A. 40A:11-5, contracts of this nature may be awarded without bidding, however, a Proposal was requested and received for the award of this contract through a non-fair and open process in accordance with N.J.S.A. 19:44A-20, et. seq.

WHEREAS, the Secretary-Treasurer of the Authority, who is the Chief Financial Officer, hereby certifies that funds for said contract are available in the 2010 Annual Budget.

NOW, THEREFORE, BE IT RESOLVED that based on the proposal received from XL Insurance Company, the Rahway Valley Sewerage Authority hereby awards the placement of its Pollution Insurance Coverage with XL Insurance Company, c/o Beacon Hill Associates Inc., PO Box 1532, Charlottesville, VA, in an amount of \$21,793.00; and

BE IT FURTHER RESOLVED that the insurance program being awarded as noted above is for a one year period; and

BE IT FURTHER RESOLVED that a Notice of Award will be published in accordance with law.

The following Resolution #09-99 was offered by Mr. Murphy, on motion of Mr. Murphy, and seconded by Mr. Chin. The resolution was approved by those present. Mr. Luban was absent.

RESOLUTION #09-99

WHEREAS, the Township of Cranford submitted a Treatment Works Application for a sewer replacement project in the Township of Cranford, State of New Jersey; and

WHEREAS, the application is for the replacement of sanitary sewer located along the Rahway River on Lincoln Avenue, Centennial Avenue and North Avenue in the Township of Cranford, and will connect into existing RVSA manholes and will not result in any additional flow; and

WHEREAS, the flow from the foregoing project will not cause the Authority to exceed its permitted flow of 40 mgd; and

WHEREAS, the application has been reviewed by Michael J. Brinker, Jr., P.E., Executive Director/Chief Engineer, and found to be in order.

NOW, THEREFORE, BE IT RESOLVED by the Rahway Valley Sewerage Authority that it does hereby accept and approve the aforesaid application.

Mrs. Papen made a motion, seconded by Mr. Chin, approving the mileage reimbursement be amended from \$0.55 to \$0.50 effective January 1, 2010 through December 31, 2010, as per the IRS tax guidelines, as recommended by the Executive Director. The motion was approved by those present. Mr. Luban was absent.

The following Resolution #09-100 was offered by Mrs. Papen, on motion of Mrs. Papen, and seconded by Mr. Murphy. The resolution was approved by those present. Mr. Luban was absent.

RESOLUTION #09-100

WHEREAS, the Rahway Valley Sewerage Authority is required by the State of New Jersey, Department of the Treasury, Division of Contract Compliance and Equal Employment Opportunity Public Contracts, to annually appoint a Public Agency Compliance Officer (P.A.C.O.); and

WHEREAS, said Officer shall be the official liaison with the Department of the Treasury, Division of Contract Compliance for matters concerning Public Law 1975, c. 127 (N.J.A.C. 17:27) and shall have the authority to recommend the appropriate procedural corrections to the Rahway Valley Sewerage Authority; and

WHEREAS, Robert J. Materna, Secretary-Treasurer, presently serves the Authority as its Equal Employment Opportunity Officer and Public Agency Compliance Officer (P.A.C.O.) and is familiar with the regulation of P.L. 1975, c. 127.

NOW, THEREFORE, BE IT RESOLVED by the Rahway Valley Sewerage Authority, that it hereby appoints Robert J. Materna, to again serve as its Public Agency Compliance Officer (P.A.C.O.) for the year 2010 and that said appointment shall be confirmed to the State of New Jersey, Department of the Treasury, by January of each ensuing year as required by law.

The following Resolution #09-101 was offered by Mrs. Papen, on motion of Mrs. Papen, and seconded by Mr. Murphy. The resolution was approved by those present with the exception of Mr. Chin who abstained. Mr. Luban was absent.

RESOLUTION #09-101

WHEREAS, the State of New Jersey Statutes provide that a Resolution be adopted by Public Bodies each year designating depositories for funds.

NOW, THEREFORE, BE IT RESOLVED by the Rahway Valley Sewerage Authority that the following banks be designated as the depository of funds of the said organization for the year 2010 and any other qualified bank hereafter named, will be named in an amendment to this resolution:

Wachovia Bank
Short Hills, NJ

JP Morgan Chase
Fairfield, NJ

NJ Cash Management Fund
Trenton, NJ

Town Bank
Westfield, NJ

Investors Savings Bank
Clark, NJ

The following Resolution #09-102 was offered by Mrs. Papen, on motion of Mrs. Papen, and seconded by Mr. Murphy. The resolution was approved by those present. Mr. Luban was absent.

RESOLUTION #09-102

WHEREAS, the Rahway Valley Sewerage Authority (Authority) is a corporate public body created pursuant to N.J.S.A. 40:14A-1 et seq.; and

WHEREAS, the Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., permits public entities including sewerage authorities to invest monies in their possession by the purchase of certain types of securities as described in N.J.S.A. 40A:5-15.1; and

WHEREAS, N.J.S.A. 40A:5-15.1 requires that no securities be purchased unless authorized by the Authority; and

WHEREAS, the Authority seeks to empower its Secretary-Treasurer annually with the power to make such purchases, i.e. investments that are in the best interest of the Authority and are permitted by New Jersey law.

NOW, THEREFORE, BE IT RESOLVED by the Rahway Valley Sewerage Authority that it hereby authorizes the Secretary-Treasurer of the Authority to make investments on behalf of the Authority by only purchasing securities permitted to be purchased under N.J.S.A. 40A:5-15.1, Sections 105, 508, and utilizing monies that are in the possession of the Authority and available for such purpose of the applicable items; and

BE IT FURTHER RESOLVED that this resolution shall be for the period January 1, 2010 through December 31, 2010.

The following Resolution #09-103 was offered by Mrs. Papen, on motion of Mrs. Papen, and seconded by Mr. Chin. The resolution was approved by those present. Mr. Luban was absent.

RESOLUTION #09-103

RESOLUTION OF THE RAHWAY VALLEY SEWERAGE AUTHORITY
AUTHORIZING A TRANSFER FROM THE CAPITAL REPLACEMENT FUND

WHEREAS, the Rahway Valley Sewerage Authority (the "Authority"), is a public body politic and corporate of the State of New Jersey (the "State"), organized and existing under the Sewerage Authorities Law, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State, and the acts amendatory thereof and supplemental thereto (the "Act"); and

WHEREAS, on March 21, 2002, the Authority adopted a resolution entitled, "Resolution Authorizing the Issuance of Sewer Revenue Bonds, Notes and Other Obligations of the Rahway Valley Sewerage Authority", as amended and supplemented (the "Resolution") (capitalized terms used and not defined herein shall have the meaning given to such term in the Resolution); and

WHEREAS, pursuant to Section 501(1)(g) of the Resolution, the Authority has established a Capital Replacement Fund to provide for major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals (collectively, the “Capital Improvements”); and

WHEREAS, pursuant to Section 504 of the Resolution, the Authority has periodically and at its sole discretion made deposits into the Capital Replacement Fund in amounts the Authority at the time determined necessary to fund the Capital Improvements; and

WHEREAS, beginning in 2002 and continuing through 2005, the Authority undertook and financed a \$230 million System-wide capital improvement program (the “Capital Improvement Program”); and

WHEREAS, as a result of the implementation and completion of the Capital Improvement Program, the Authority does not anticipate significant Capital Improvements over the next five years; and

WHEREAS, the Authority has determined that an amount equal to \$1,000,000 on deposit in the Capital Replacement Fund (the “Capital Replacement Fund Excess Amount”) is no longer needed for the purpose for which it was originally raised.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the Rahway Valley Sewerage Authority, as follows:

- Section 1. The recitals are incorporated herein by reference.
- Section 2. The Authority hereby directs the transfer of the Capital Replacement Fund Excess Amount into the Operating Fund and further directs the Secretary-Treasurer to take all steps necessary to effectuate such transfer; and
- Section 3. This resolution shall take effect immediately.

Resolution #09-104 was acted on earlier in the meeting while the public was present.

Bills and Claims

Mrs. Papen made a motion, seconded by Mr. Murphy, that the following bills and claims previously audited by the Finance Committee be ordered paid. The motion was unanimously approved by those present. Mr. Venturo was absent.

BUILDING & EQUIPMENT FUND

CHECK	DATE	VENDOR	ACCT/LINE#	AMOUNT
2480	12/01/09	WARNOCK FLEET & LEASING, INC.	136	16,638.76
2481	12/17/09	A&A INDUSTRIAL PIPING, INC.	140.7	58,579.50
2482	12/17/09	CONSOLIDATED CONSTRUCTION MGT.	140.2/7	8,463.87
2483	12/17/09	EE CRUZ COMPANY INC.	140.7	18,473.14
2484	12/17/09	HATCH MOTT MACDONALD	140.2	39,304.26

CHECK	DATE	VENDOR	ACCT/LINE#	AMOUNT
2485	12/17/09	INFILCO DEGREMONT, INC.	140.7	4,680.00
2486	12/17/09	J.H. REID, GENERAL CONTRACTOR	140.2	68,937.85
2487	12/17/09	LONGO ELECTRICAL-MECHANICAL	140.7	5,632.00
2488	12/17/09	OMNI ENVIRONMENTAL LLC	140.7	141.10
2489	12/17/09	PAULUS, SOKOLOWSKI & SARTOR	140.2	28,342.47
2490	12/17/09	PRECISION ELEC. MOTOR WORKS	140.7	1,762.00
2491	12/17/09	WEINER LESNIAK LLP	140.4/9	43,716.71

Total Building & Equipment Fund Checks: 12
Total Void Checks: 0
Total Amount Void: \$0.00
Total Amount Paid: \$294,671.66

OPERATING FUND - MANUAL

CHECK	DATE	VENDOR	ACCT/LINE#	AMOUNT
193	12/02/09	NJ STATE HEALTH BENEFITS	03/04	142,592.78

Total Manual Operating Fund Checks: 1
Total Void Checks: 0
Total Amount Void: \$0.00
Total Amount Paid: \$142,592.78

OPERATING FUND

CHECK	DATE	VENDOR	ACCT/LINE#	AMOUNT
36980	11/30/09	RAHWAY VALLEY SEWERAGE AUTH.	01/02	61,982.09
36981	12/01/09	COGENT COMMUNICATIONS, INC.	16	674.00
36982	12/01/09	ELIZABETHTOWN GAS	22	6,132.45
36983	12/01/09	HESS CORPORATION	19	131,336.21
36984	12/01/09	NJ DIVISION OF FIRE SAFETY	37	449.00
36985	12/01/09	TREASURER - STATE OF NJ	37	2,700.00
36986	12/01/09	PSE&G COMPANY	19	38,265.57
36987	12/01/09	WOODRUFF ENERGY	22	16,760.14
36988	12/02/09	DELTA DENTAL PLAN OF NJ	03	5,866.57
36989	12/02/09	STANDARD INSURANCE COMPANY	03	2,161.64
36990	12/02/09	VISION SERVICE PLAN	03	1,234.87
36991	12/16/09	RAHWAY VALLEY SEWERAGE AUTH.	01/02	90,122.84
36992	12/17/09	A TOUCH OF ITALY	49	239.65
36993	12/17/09	MARIA VASSALLO ABRAM	49	419.85-VOID
36994	12/17/09	ACADEMY GLASS INC.	13	70.00-VOID
36995	12/17/09	ADP, INC.	03	170.28-VOID
36996	12/17/09	ADP, INC.	16	1,927.67-VOID
36997	12/17/09	ALL AMERICAN SEWER SERVICE	32	2,520.00-VOID
36998	12/17/09	AMERICAN WEAR	32	1,095.00-VOID
36999	12/17/09	APPLIED2 APPLIED ANALYTICS.	32	512.85-VOID
37000	12/17/09	ASSOC. OF ENVIRONMENTAL AUTH.	15/49	2,400.00-VOID
37001	12/17/09	BARTELL FARM & GARDEN SUPPLY	32	185.00-VOID
37002	12/17/09	RILEY BLAKE	31	94.99-VOID
37003	12/17/09	BOWCO LABORATORIES, INC.	32	63.00-VOID
37004	12/17/09	HECTOR L. CARTAGENA	04	289.20-VOID
37005	12/17/09	CDW GOVERNMENT, INC.	27	3,218.00-VOID

<u>CHECK</u>	<u>DATE</u>	<u>VENDOR</u>	<u>ACCT/LINE#</u>	<u>AMOUNT</u>
37006	12/17/09	ALLEN CHIN	49	533.92-VOID
37007	12/17/09	CITY OF RAHWAY UNITED WATER RES.	33	1,965.13-VOID
37008	12/17/09	COGENT COMMUNICATIONS, INC.	27	674.00-VOID
37009	12/17/09	CSL SERVICES, INC.	30	12,340.00-VOID
37010	12/17/09	D2L ASSOCIATES, INC.	42	2,480.00-VOID
37011	12/17/09	DAVID WEBER OIL COMPANY	32	220.50-VOID
37012	12/17/09	GARY DEGROAT	31	100.00-VOID
37013	12/17/09	JOHN DERKACK	31	69.98-VOID
37014	12/17/09	RENE DIERKES	49	300.00-VOID
37015	12/17/09	DUNFORD REFRIGERATION HEATING	43	610.00-VOID
37016	12/17/09	LOUIS DUPLESSIS	04	289.20-VOID
37017	12/17/09	ELIZABETHTOWN GAS	22	7,272.14-VOID
37018	12/17/09	ENVIRONMENTAL RESOURCE ASSOC.	40	194.70-VOID
37019	12/17/09	ELIZABETHTOWN GAS	22	8,198.89-VOID
37020	12/17/09	FISHER SCIENTIFIC	40	2,874.82-VOID
37021	12/17/09	GABRIEL DISCOUNT TIRE CENTER	35	89.95-VOID
37022	12/17/09	W.W. GRAINGER, INC.	27/32	496.02-VOID
37023	12/17/09	GARY W. GRAY TRUCKING, INC.	25	72,420.18-VOID
37024	12/17/09	GREAT LAKES ENVIRONMENTAL	41	898.43-VOID
37025	12/17/09	GREENBAUM, ROWE, SMITH & DAVIS	08	5,969.00-VOID
37026	12/17/09	STEVE GREET	49	150.00-VOID
37027	12/17/09	JOANNE GRIMES	15	108.80-VOID
37028	12/17/09	HACH COMPANY	40/41	4,504.35-VOID
37029	12/17/09	HALL & ASSOCIATES	08	1,520.00-VOID
37030	12/17/09	HAYES PUMP INC.	32	1,065.00-VOID
37031	12/17/09	ROY HERMAN	31	100.00-VOID
37032	12/17/09	HOME DEPOT CREDIT SERVICES	32	524.88-VOID
37033	12/17/09	HYDRA-NUMATIC SALES COMPANY	32	2,155.00-VOID
37034	12/17/09	INFOR GLOBAL SOLUTIONS INC.	27	2,098.92-VOID
37035	12/17/09	JCI JONES CHEMICALS, INC.	29	4,190.79-VOID
37036	12/17/09	JOE ROMER TROPHY SHOP	12	82.83-VOID
37037	12/17/09	LAB SAFETY SUPPLY, INC.	43	325.88-VOID
37038	12/17/09	LABCHEM INC.	40	554.47-VOID
37039	12/17/09	LIBERTY MUTUAL INSURANCE GROUP	17	12,261.56-VOID
37040	12/17/09	RAYMOND LINDER	31	99.95-VOID
37041	12/17/09	RICHARD LoFORTE	49	399.00-VOID
37042	12/17/09	ROBERT G. LUBAN	49	1,014.61-VOID
37043	12/17/09	MAPCO INC.	31	1,200.00-VOID
37044	12/17/09	MARIBELL ASSOCIATES, INC.	31	359.00-VOID
37045	12/17/09	ROBERT J. MATERNA	15	428.80-VOID
37046	12/17/09	FRANK G. MAZZARELLA	49	598.25-VOID
37047	12/17/09	DON McCOY	31	72.48-VOID
37048	12/17/09	McELROY, DEUTSCH, MULVANEY	08	2,973.71-VOID
37049	12/17/09	MCMASTER-CARR SUPPLY CO.	31/43	1,285.14-VOID
37050	12/17/09	MIDDLESEX WATER COMPANY	33	794.88-VOID
37051	12/17/09	MILLER MECHANICAL CORP.	32	400.00-VOID
37052	12/17/09	MINARIK CORPORATION	32	433.16-VOID
37053	12/17/09	MONMOUTH TRUCK EQUIPMENT	35	98.00-VOID
37054	12/17/09	MOTION INDUSTRIES, INC.	32	352.56-VOID
37055	12/17/09	ROBERT MRASZ	04	289.20-VOID
37056	12/17/09	JAMES J. MURPHY	49	467.85-VOID
37057	12/17/09	NJ MANUFACTURERS INSURANCE.	17	19,072.00-VOID

CHECK	DATE	VENDOR	ACCT/LINE#	AMOUNT
37058	12/17/09	NW FINANCIAL GROUP	09	170.00-VOID
37059	12/17/09	O'JOHNNIES, INC.	13	497.04-VOID
37060	12/17/09	ONE CALL SYSTEMS, INC.	32	50.60-VOID
37061	12/17/09	JOAN PAPAN	49	440.01-VOID
37062	12/17/09	PAULUS, SOKOLOWSKI & SARTOR	05/06	5,717.98-VOID
37063	12/17/09	EDMUND PETROSKY	04	289.20-VOID
37064	12/17/09	ROBERT POLTZ	27	14.98-VOID
37065	12/17/09	POLYDYNE INC.	23	16,236.00-VOID
37066	12/17/09	HERALDO PRIVADO	31	79.74-VOID
37067	12/17/09	PSE&G COMPANY	19/42	454.95-VOID
37068	12/17/09	QC LABORATORIES	41	1,943.00-VOID
37069	12/17/09	RAHWAY ELECTRIC SUPPLY CO.	32	1,789.62-VOID
37070	12/17/09	RAHWAY VALLEY SEWERAGE AUTH.	01/02	273,487.38-VOID
37071	12/17/09	RVSA PETTY CASH	14	165.64-VOID
37072	12/17/09	SAFETY-KLEEN CORP.	32	285.43-VOID
37073	12/17/09	COLONEL SATTERWHITE	04	289.20-VOID
37074	12/17/09	PAUL SEFRANKA	49	390.99-VOID
37075	12/17/09	Alignment Check	--	0.00-VOID
37076	12/17/09	WILLIAM SEIBOTH	04	578.40
37077	12/17/09	SIMPLEX GRINELL LP	31	757.00
37078	12/17/09	JOSEPH SOWA	31	100.00
37079	12/17/09	SPECTRASERV INC.	26	2,238.14
37080	12/17/09	STAPLES CREDIT PLAN	13/27	560.84
37081	12/17/09	STAR LEDGER	12	285.10
37082	12/17/09	STORR TRACTOR COMPANY	35	655.20
37083	12/17/09	DONALD STUART	04	289.20
37084	12/17/09	GEORGE SZOTAK	04	578.40
37085	12/17/09	TAYLOR OIL COMPANY	20	380.26
37086	12/17/09	TELEDYNE ISCO, INC.	41	1,255.45
37087	12/17/09	TESTO INC.	41	12,744.00
37088	12/17/09	THE BANK OF NEW YORK MELLON	09	2,000.00
37089	12/17/09	THE SPI GROUP, LLC	27/46	15,605.00
37090	12/17/09	RICHARD P. TOKARSKI	04	404.70
37091	12/17/09	TRUMP TAJ MAHAL CASINO RESORT	15/49	505.66
37092	12/17/09	TURTLE & HUGHES INC.	32	389.38
37093	12/17/09	UNISAFE INC.	404.40	404.40
37094	12/17/09	UNITED PARCEL SERVICE	48	99.71
37095	12/17/09	UNITED STATES PLASTIC CORP.	43	96.12
37096	12/17/09	US FILTER SIEMENS WATER TECH.	40	704.00
37097	12/17/09	USA BLUEBOOK	41	565.11
37098	12/17/09	ATTILIO S. VENTURO	49	586.95
37099	12/17/09	VERIZON CONFERENCING	11	271.17
37100	12/17/09	VERIZON	11/30	2,224.34
37101	12/17/09	VERIZON WIRELESS	11	749.42
37102	12/17/09	WEINER LESNIAK LLP	07	29,358.55
37103	12/17/09	921-GTS-WELCO	32	343.65
37104	12/17/09	WOODBRIIDGE AUTO BODY, INC.	35	702.60
37105	12/17/09	WOODRUFF ENERGY	22	15,008.99
37106	12/17/09	ARTHUR M. WRIGHT, JR.	04	385.60
37107	12/17/09	MARIA VASSALLO ABRAM	49	419.85
37108	12/17/09	ACADEMY GLASS INC.	13	70.00
37109	12/17/09	ADP, INC.	03	170.28

CHECK	DATE	VENDOR	ACCT/LINE#	AMOUNT
37110	12/17/09	ADP, INC.	16	1,927.67
37111	12/17/09	ALL AMERICAN SEWER SERVICE INC.	32	2,520.00
37112	12/17/09	AMERICAN WEAR	32	1,095.00
37113	12/17/09	APPLIED ANALYTICS, INC.	32	512.85
37114	12/17/09	ASSOC. OF ENVIRONMENTAL AUTH.	15/49	2,400.00
37115	12/17/09	BARTELL FARM & GARDEN SUPPLY	32	185.00
37116	12/17/09	RILEY BLAKE	31	94.99
37117	12/17/09	BOWCO LABORATORIES, INC.	32	63.00
37118	12/17/09	HECTOR L. CARTAGENA	04	289.20
37119	12/17/09	CDW GOVERNMENT, INC.	27	3,218.00
37120	12/17/09	ALLEN CHIN	49	533.92
37121	12/17/09	CITY OF RAHWAY UNITED WATER RES.	33	1,965.13
37122	12/17/09	COGENT COMMUNICATIONS, INC.	27	674.00
37123	12/17/09	CSL SERVICES, INC.	30	12,340.00
37124	12/17/09	D2L ASSOCIATES, INC.	42	2,480.00
37125	12/17/09	DAVID WEBER OIL COMPANY	32	220.50
37126	12/17/09	GARY DEGROAT	31	100.00
37127	12/17/09	JOHN DERKACK	31	69.98
37128	12/17/09	RENE DIERKES	49	300.00
37129	12/17/09	DUNFORD REFRIGERATION HEATING	43	610.00
37130	12/17/09	LOUIS DUPLESSIS	04	289.20
37131	12/17/09	ELIZABETHTOWN GAS	22	7,272.14
37132	12/17/09	ENVIRONMENTAL RESOURCE ASSOC.	40	194.70
37133	12/17/09	ELIZABETHTOWN GAS	22	8,198.89
37134	12/17/09	FISHER SCIENTIFIC	40	2,874.82
37135	12/17/09	GABRIEL DISCOUNT TIRE CENTER	35	89.95
37136	12/17/09	W.W. GRAINGER, INC.	27/32	496.02
37137	12/17/09	GARY W. GRAY TRUCKING, INC.	25	72,420.18
37138	12/17/09	GREAT LAKES ENVIRONMENTAL	41	898.43
37139	12/17/09	GREENBAUM, ROWE, SMITH & DAVIS	08	5,969.00
37140	12/17/09	STEVE GREET	49	150.00
37141	12/17/09	JOANNE GRIMES	15	108.80
37142	12/17/09	HACH COMPANY	40/41	4,504.35
37143	12/17/09	HALL & ASSOCIATES	08	1,520.00
37144	12/17/09	HAYES PUMP INC.	32	1,065.00
37145	12/17/09	ROY HERMAN	31	100.00
37146	12/17/09	HOME DEPOT CREDIT SERVICES	32	524.88
37147	12/17/09	HYDRA-NUMATIC SALES COMPANY	32	2,155.00
37148	12/17/09	INFOR GLOBAL SOLUTIONS INC.	27	2,098.92
37149	12/17/09	JCI JONES CHEMICALS, INC.	29	4,190.79
37150	12/17/09	JOE ROMER TROPHY SHOP	12	82.83
37151	12/17/09	LAB SAFETY SUPPLY, INC.	43	325.88
37152	12/17/09	LABCHEM INC.	40	554.47
37153	12/17/09	LIBERTY MUTUAL INSURANCE GROUP	17	12,261.56
37154	12/17/09	RAYMOND LINDER	31	99.95
37155	12/17/09	RICHARD LoFORTE	49	399.00
37156	12/17/09	ROBERT G. LUBAN	49	1,014.61
37157	12/17/09	MAPCO INC.	31	1,200.00
37158	12/17/09	MARIBELL ASSOCIATES, INC.	31	359.00
37159	12/17/09	ROBERT J. MATERNA	15	428.80
37160	12/17/09	FRANK G. MAZZARELLA	49	598.25
37161	12/17/09	DON McCOY	31	72.48

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37163	12/17/09	MCMASTER-CARR SUPPLY CO.	31/43	1,285.14
37164	12/17/09	MIDDLESEX WATER COMPANY	33	794.88
37165	12/17/09	MILLER MECHANICAL CORPORATION	32	400.00
37166	12/17/09	MINARIK CORPORATION	32	433.16
37167	12/17/09	MONMOUTH TRUCK EQUIPMENT	35	98.00
37168	12/17/09	MOTION INDUSTRIES, INC.	32	352.56
37169	12/17/09	ROBERT MRASZ	04	289.20
37170	12/17/09	JAMES J. MURPHY	49	467.85
37171	12/17/09	NJ MANUFACTURERS INSURANCE CO.	17	19,072.00
37172	12/17/09	NW FINANCIAL GROUP	09	170.00
37173	12/17/09	O'JOHNNIES, INC.	13	497.04
37174	12/17/09	ONE CALL SYSTEMS, INC.	32	50.60
37175	12/17/09	JOAN PAPAN	49	440.01
37176	12/17/09	PAULUS, SOKOLOWSKI & SARTOR	05/06	5,717.98
37177	12/17/09	EDMUND PETROSKY	04	289.20
37178	12/17/09	ROBERT POLTZ	27	14.98
37179	12/17/09	POLYDYNE INC.	23	16,236.00
37180	12/17/09	HERALDO PRIVADO	31	79.74
37181	12/17/09	PSE&G COMPANY	19/42	454.95
37182	12/17/09	QC LABORATORIES	41	1,943.00
37183	12/17/09	RAHWAY ELECTRIC SUPPLY CO.	32	1,789.62
37184	12/17/09	RAHWAY VALLEY SEWERAGE AUTH.	01/02	273,487.38
37185	12/17/09	RVSA PETTY CASH	14	165.64
37186	12/17/09	SAFETY-KLEEN CORP.	32	285.43
37187	12/17/09	COLONEL SATTERWHITE	04	289.20
37188	12/17/09	PAUL SEFRANKA	49	390.99

Total Operating Fund Checks: 209

Total Void Checks: 83

Total Amount Void: \$493,245.53

Total Amount Paid: \$941,997.90

Total All Checks: 223

Total Void Checks: 83

Total Amount Void: \$493,245.53

Total Amount Paid: \$1,379,262.34

OPERATING FUND	9-01	\$1,084,590.68
BUILDING & EQUIPMENT FUND	9-02	294,671.66
TOTAL OF ALL FUNDS:		\$1,379,262.34

Open the Floor to the Public

No one addressed the Board, however, Mr. LoForte stated that earlier in the meeting there were comments made by municipal representatives about the “bigger towns” should have a “bigger say” in the Authority. Mr. LoForte stated that he took offense to the comment and noted that we are all equal and all have a responsibility to the public we serve.

Mr. Chin concurred with Mr. LoFortes comments.

Mr. Ventura asked that Anthony Gencarelli do a chronology of why we undertook the plant expansion, all the way back to the period of when the NJDEP fined the Authority.

Closed Session

None.

Adjournment

As there was no further business, on motion of Mr. Murphy, seconded by Mr. Chin, the meeting adjourned at 10:17 p.m. The motion was unanimously approved.

Robert J. Materna
Robert J. Materna, Secretary-Treasurer

JG/jg
Attachments