

WARREN COUNTY (PEQUEST RIVER)  
MUNICIPAL UTILITIES AUTHORITY

**PUBLIC BUDGET & RATE HEARING FY2011**  
**DECEMBER 15, 2010**

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TIME: 7:30 P.M.

PLACE: The meeting was held at the Pollution Control Financing Authority of Warren County administration building located at 500 Mt. Pisgah Ave., Oxford, New Jersey.

PURPOSE: For the purpose of prescribing a schedule of its service charges and changes to the billing system for sewer treatment charges to the Town of Belvidere, Township of White, Township of Oxford, County of Warren and all other users of the Warren County (Pequest Request) Municipal Utilities Authority.

Present at Roll Call:

Chad Chamberlain, Chairman

A. Morris Scott, Jr., Vice Chairman

Laurel Napolitani, Secretary

Drew Kiszonak

Robert Piazza

Philip Rosenberg

Michael Walsh

Angelo Accetturo, Treasurer (7:32 p.m.)

Everdina O'Connor (7:55 p.m.)

ALSO ATTENDING:

Charles L. Houck

Brian Tipton, Esq.

Stephen Donati, P.E.

Patricia Kaspereen

Jackie Klapp

Authority Chief Financial Officer

Authority Legal Counsel

Authority Engineer and Consultant

Administrative Assistant

CSR

Chairman Chamberlain led everyone in the Pledge of Allegiance and then read the Introductory Statement: This meeting has been properly noticed in accordance with the New Jersey Statutes of the Open Public Meetings Act; the annual budget and rate hearing of the Authority has been properly advertised and posted in accordance with N.J.S.A. 40:14B-23.

Mr. Accetturo entered the meeting.

Chairman Chamberlain thanked the Finance Committee, chaired by the Treasurer, Angelo Accetturo, as well as the Authority's CFO, Mr. Houck, for the work they performed in preparing the FY2011 Budget.

For the benefit of the public, the Authority's engineer, Mr. Donati of Cerenzio & Panaro, was asked to make a brief presentation of the history of the Authority and our current status.

Mr. Donati stated the WC(PR)MUA was created by the Warren County Freeholders around 1970. A study was done that identified districts within the county that corresponded to drainage basins. This Authority was designated as a Mid-Western District. At that time, everything was focused around Route 46. The Authority was formed based on N.J.S.A. 40:14B and is still regulated by these statutes today. The sewer service areas for the Belvidere plant and Oxford plant were approved in the 208 Plan. By 1980, the infrastructure was in place, the plants built and in operation.

We now have to deal with the Highlands Act and DEP's attempt to reduce our current sewer service areas. The Authority has sewer capacity available and needs to enlarge its user base to reduce costs. We need to maintain those service areas, but this may be difficult due to the new wastewater management planning rules.

Mr. Donati explained the value of water, which includes the cost of getting the water from its source to homes and businesses. Sewer is the same but in the reverse – it is the cost of getting it from the homeowner's drain to a permitted discharge. Economy of scale comes into play. The cost to operate a one million gallon per day plant does not cost considerably less than a two million gallon per day plant. However, the two million gallon per day plant has a larger user base, which spreads the cost out among more users. Billing is based on the cost to operate, and then divided amongst its user base.

A great deal of the Authority's costs is attributed to Debt Service. The Authority needs an equitable method to distribute all costs system-wide. We bill on a wholesale basis and then the towns bill the individual users. One of the issues is that the towns bill on an EDU basis, but what constitutes an EDU differs from town to town. He explained the pros and cons of the different billing methods. The newly proposed billing system is a hybrid of two billing methods, thereby providing the best of both systems.

Initially, the towns of Belvidere and Oxford were the only users of the system. Then new users hooked up to the system, such as the county owned buildings on Route 519 in White Township. Afterward, developments along the county-owned line hooked up to the system. This is when things became complicated as to how the flow would be measured, and service agreements were developed on a case-by-case basis.

Recent changes in the financial management of the Authority brought to light the inequities of the current billing system. After numerous meetings, the newly proposed billing system was developed. Inflow and Infiltration (I/I) is inherent in any system but the volume differs

depending on a multitude of factors. Mr. Donati's experience with the Authority, over numerous years, is that the I/I is approximately 25% of the flow. He asked the public if they had any technical questions.

Carol Murphy asked if I/I is dependent on every area taking care of their drains and the responsibility of every government entity, and not the Authority's responsibility. Mr. Donati agreed but added that the MUA has assisted the towns and takes care of its own infrastructure. She asked if there was any enforcement for a town to maintain a certain standard of infrastructure in order for their I/I to be taken care of properly. Mr. Donati said no. She asked why. He said it is in the town's best interest to minimize I/I. She responded by saying the I/I charged to residents in any town is based on the care that town has taken for the I/I in their town. Mr. Donati said yes, to some extent. This is what the new billing system is attempting to equalize by utilizing the factor of 25%. Currently, the towns of Belvidere and Oxford are absorbing all the costs of the I/I flowing through their collection systems no matter where the flow is from.

Charles Duffy, from Brookfield, reiterated his past statements about an I/I survey conducted at Brookfield, and that Brookfield residents are already paying for I/I.

With regard to past statements about paying based on water use, the Authority is not set up to charge individuals, remarked Mr. Donati. The towns bill the individual users.

Ms. O'Connor entered the meeting.

Anne Carberry, from Colby Court, said Colby Court is paying the highest sewer rate (over \$900/year).

Mr. Houck explained this is because Colby Court residents are billed based on an assumed discharge of 200 g.p.d. He said this agreement was developed many years ago. This was not negotiated with anyone currently on the MUA Board, or himself, and is an example of one the inequities with the current billing system. When the calculations were done recently, it was determined that the average discharge per customer was approximately 160 g.p.d. Twenty-five percent of 160 is 40, added to the 160 brings everybody to 200 g.p.d., correcting the inequity. With the new billing system, residents of Colby Court should be the least affected because they are already paying based on 200 g.p.d.

Chairman Chamberlain asked Mr. Houck to present the FY2011 Budget and Rates and to address the change in the billing system.

Mr. Houck said the concept the MUA is attempting to implement is uniformity throughout the entire system, in order to eliminate the inequities that have existed for many years. The bills for sewer charges currently range from about \$400 to over \$900 per year. Unfortunately, there will never be total uniformity throughout for various reasons, but the plan is to be fair to everyone and reasonably apportion the system-wide I/I. He does understand Mr. Duffy's point; however, everyone has to share in the system-wide I/I. He also agreed that there might be some inequity in

the fact that some towns may be less diligent in discouraging sump pumps into the system. However, he thought it was determined that discharge from sump pumps does not drive the costs of operating the plants by a significant amount. He believes the new system of billing is fair and equitable for all users. Due to certain constraints, there is no perfect system. The change has been discussed at numerous Authority meetings, so everyone is familiar with the plan. The decision was up to the Board, but Mr. Houck recommended to the Board that they implement the change. Things will be analyzed, and problems addressed as needed.

Chairman Chamberlain opened the meeting up for comments from the commissioners.

Mr. Scott stated the Town of Belvidere has an ordinance forbidding the hookup of sump pumps into the system. A few years ago, there was an inspection of manholes, and he was present during some of those inspections. The Town of Belvidere has addressed I/I.

Mr. Kiszona reiterated past statements about the Authority complying with State law that there has to be an equitable system. Mr. Houck agreed. The State does not mandate a particular system, only that the system be uniform and consistently applied to all users of the system. He recapped his past statements on the current billing system and the new system. Mr. Kiszona stressed that this is not something that the MUA just chose to do out of the blue but is required by the State. Again, Mr. Houck agreed.

Mr. Piazza, who is retired, and lives with his wife in Belvidere, was appalled to discover that other retirees living in a neighboring town were paying significantly less than himself and Ms. Carberry. He is a member of the Finance Committee and was part of the ongoing meetings and discussions regarding the billing situation. While he acknowledged that some residents may be paying for I/I within their own development, their discharge then leaves that development and must reach the plant by way of piping through either Belvidere or Oxford's collection systems and they are not paying a share of that I/I. He is comfortable with Mr. Houck's recommendation.

Mr. Accetturo said there are interceptor lines in the Township of Oxford, which are owned by the MUA and have the potential to have I/I. In addition, the township tested their own lines for I/I. Some areas were fixed and others deemed not worth the costs to repair. There are acceptable limits of I/I that are not practical to fix; they exist in all sewer systems. He also pointed out that the residents of Oxford are paying for the Belvidere upgrade, because it is a system, so, a system-wide approach must be used. The biggest problem is Debt Service, with little growth potential.

Chairman Chamberlain opened the meeting up to public comments.

Ms. Carberry asked for clarification regarding the 200 g.p.d.

Mr. Houck clarified his earlier statements. Additionally in 2012, the billing will be based on an EDU-based system of 73,000 gallons per year. This was not done this year due to the confusion in transitioning from gallons to billing units. There will be no debits or credits, which caused significant increases or decreases in the sewer bills for those billed on metered use. Instead,

flows will be analyzed annually for any significant increase or decrease, taking into account the rainfall.

The reality is it takes \$2.5-\$2.6 million to operate the Authority. Over the last five years, the Authority had to issue credits of approximately \$1,000,000.

Ms. Carberry asked for clarification on how all users were billed and the number of users in the system. Mr. Houck reiterated past statements that we bill the towns, who in turn bill the individual users. For example, the Authority bills White Township for the clusters in White Township.

Ms. Kaspereen explained that the Authority bills Country View and Windtryst Apartments separately. Country View is billed on sewer discharge, with one meter for the entire development. Windtryst is billed on water usage, with one meter for entire complex. White Township is billed for Colby Court, A&P, the Laundromat, Village Square Mall, and Brookfield.

Ms. Carberry said she has a water meter. Ms. Kaspereen explained the apartments are not billed by the MUA based on individual water meters, but on one central meter. Mr. Donati explained the wholesale concept further. Ms. Carberry asked that if she felt she was being unfairly billed, should she approach White Township? Mr. Houck answered in the affirmative, and added that her annual bill should be about \$800 plus the surcharge from White. This Authority does not know what White charges as an administrative fee. She felt \$800 was still high. Given the change, he believed it was more in line with other users. She felt billing should be done on water usage. Mr. Houck repeated comments regarding the Authority's inability to do so. Mr. Donati further addressed this issue.

Mr. Duffy said his development was able to obtain individual water usage data, but written authorization had to be obtained from each homeowner in Brookfield. This was used as the basis for the I/I study.

Ms. Murphy asked where the 200 g.p.d. figure came from? Initially from two sources, said Mr. Houck. One, it is the state standard. Second, he verified the number by taking the number of customers system-wide, divided by the flows throughout the system and came up with 160 gallons. Twenty-five percent of 160 gallons is 40 gallons,  $160 + 40 = 200$  g.p.d.

Mr. Duffy asked for further clarification of the billing to White Township for 2011. Mr. Houck explained it would be based on billing units, which are equivalent to the average flow to that particular cluster over the last four years. In other words, the 4-year average flow plus the I/I factor of 25%. A billing unit equates to 1,000 gallons. The billing units, and later, the EDU units, assessed will remain the same, unless there is a significant change in a particular cluster. One of the main advantages of the new system is the elimination of dramatic changes in the billing.

The user rate for residents for 2011 will be \$10.95, an increase of 3% due to a small increase in the budget.

Debt Service was discussed and its relation to the upgrade of the Oxford WWTP.

Ms. Murphy asked if any growth was foreseen? Mr. Donati and Mr. Houck said there are a few projects, but because of the Highlands Act and the economy, they do not see much growth.

As there was no further discussion, Mr. Scott moved and Ms. Napolitani seconded that the Public Rate Hearing be adjourned at 8:26 p.m. The motion passed unanimously.

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Patricia Kaspereen  
Administrative Assistant