

# TOWNSHIP OF VERNON

## TOWNSHIP COUNCIL SPECIAL MEETING

July 15, 2009

A Special Meeting of the Township Council of the Township of Vernon was convened at 10:18 a.m. on Wednesday, July 15, 2009 in the Vernon Municipal Center, 21 Church Street, Vernon, New Jersey with Mayor Austin Carew presiding.

### STATEMENT OF COMPLIANCE

Adequate notice of this special meeting was provided to the public and the press on July 6, 2009 in accordance with the Open Public Meetings Act, N.J.S.A. 10:4-7. Notice of this meeting was sent to the New Jersey Herald and was posted on the bulletin board in the Municipal Center and posted on the Township's Website.

### ROLL CALL OF MEMBERS

Present were Council Members Richard Carson, Gary Grey, Valerie Seufert, and Mayor Austin Carew. Also present were Township Manager Melinda Carlton and Township Attorney Michael Witt. Council Member Paul Emilius was absent.

### SALUTE TO THE FLAG

The Mayor led the assemblage in the salute to the flag.

### DISCUSSION

#### Town Center Sewer System

Representatives from United Water, Mountain Creek, and the Sussex County Municipal Utilities Authority (SCMUA) were invited to attend this special meeting for the expressed purpose of discussing each party's role and obligation in the completion of the Vernon Town Center Sewer System.

Present were:

- Frank DeBerry, Mountain Creek
- Jeff Patterson, Mountain Creek
- Mary Campbell, General Counsel, United Water
- Tony Vicente, Project Engineer, United Water
- Ron Wund, Operations Manager, United Water
- Pete Cerenzio, Consultant Engineer, Sussex County Municipal Utilities Authority
- Joe Bongiovanni, Project Engineer, Sussex County Municipal Utilities Authority

Also present for Vernon Township were:

- Robert Benecke, Vernon Township Redevelopment Consultant
- Bill Zuckerman, Vernon Township Chief Financial Officer
- Louis Kneip, Vernon Township Engineer

Mayor Austin Carew thanked everyone for their attendance and stated that much work remains to be completed on the Town Center Sewer System before it can be fully-operational by the Spring of 2010.

Township Attorney Michael Witt gave a brief update of legal and engineering items which must be addressed with respect to the completion and operation of the sewer system. Mr. Witt advised the Developer's Agreement with United Water is in final legal review and is anticipated to be presented to the Township Council on August 13<sup>th</sup>. Upon execution of the Developer's Agreement, the Treatment Works Approval (TWA) application can be submitted to the Department of Environmental Protection. Mr. Witt noted that if the Developer's Agreement is approved on August 13<sup>th</sup>, the TWA endorsement could be collectively signed off on August 15<sup>th</sup>.

Mary Campbell, General Counsel for United Water, confirmed that United Water will collect and transmit the waste water flow from the Vernon Town Center via a metered transmission line to the SCMUA facility in Hardyston Township. SCMUA will treat the waste water and return the treated water to the new SCMUA recharge facility in Vernon Township. The Developer's Agreement allows the transmission of 20,000 gallons per day (gpd) until such time as Pump Station #1 is upgraded or replaced. Ms. Campbell further reported that a billing scenario with SCMUA for the Vernon Town Center waste water flow must still be addressed and billing issues with Mountain Creek remain an open item as well. Mountain Creek will connect to the United Water collection and transmission system and will be able to transmit up to 166,000 gpd per day of waste water from Mountain Creek to the SCMUA treatment plant.

Mr. Jeff Patterson agreed that billing issues between United Water and Vernon Township have not been resolved. Mr. Patterson stated that the Mountain Creek agreement with Vernon includes \$2.87 million in bonds for operations and equipment costs. Connection and user fees collected by Vernon Township would be used to pay down the Vernon and SCMUA bonds with Mountain Creek picking up the short fall each year. Under the terms of the agreement, Mountain Creek would not be charged connection fees for its future development and build-out.

### **Vernon Town Center Sewer Extension**

Mr. Peter Cerenzio reiterated that the Treatment Works Approval application for the Town Center sewer extension should be submitted to the Department of Environmental Protection as soon as the Developer's Agreement between Vernon and United Water is signed. He estimated the TWA application approval process with the Department of Environmental Protection could take anywhere from ninety (90) days to six (6) months. Mr. Cerenzio reported the SCMUA upgrade is nearing completion and is scheduled to go on-line by September 1, 2009.

Mr. Jeff Patterson proffered that once the TWA permit is issued, the Township could begin accepting building permits for Town Center development build out.

Mr. Cerenzio stated the Township must finalize the Sewer Service Map. Mr. Kneip indicated the Township has completed the mapping and will forward it to SCMUA. Upon receipt and acceptance of the Sewer Service Area Map, SCMUA will establish 60% of anticipated sewer connection fees in a rate stabilization account to be used by Vernon Township to help pay off its obligations. Mr. Pete Cerenzio advised that SCMUA would likely begin billing the Township on August 1, 2010.

Ms. Campbell reported that United Water has submitted their comments regarding the Developer's Agreement. The municipal approval for the Board of Public Utilities (BPU) expansion of the franchise area is to include the Vernon Town Center. BPU approval would take three to six months on a parallel track. Ms. Campbell commented that United Water has to go through its tariff with the BPU and address any regulatory concerns with the expansion of the franchise area in Vernon Township.

Mr. Patterson commented that the Township must endorse Mountain Creek's TWA application for the remaining section of the gravity line to be constructed. He advised that Mountain Creek wants clarification on the billing issues between Vernon and United Water before they will submit plans for the construction of the gravity sewer line through the Mountain Creek property for a bid.

Mr. Robert Benecke responded that the gravity line extension should be constructed now and stated that an estimate of the build-out scenario of Mountain Creek, with associated pledging schedules, can be prepared to work out the billing scenarios. A tentative meeting will be planned with Mr. Benecke, Mountain Creek, United Water and Township professionals for Wednesday July 22, 2009.

Attorney Mike Witt stated that a Sewer Ordinance would be prepared by his office for introduction at one of the August Council Meetings.

### **Pump Station #1 Upgrade**

Mayor Austin Carew questioned the timing when Pump Station #1 can go on-line and handle all 99,000 gpd flow for Vernon Township.

Mr. Patterson reported that Mountain Creek will construct the proposed new pump station at its current location due to DEP regulations. The original plan was to build a new pump station on the opposite side of Sand Hill Road. Mountain Creek proposes to upgrade the pump station in a "phased approach" to help control costs.

The Township staff and Council Members made it clear that it is important that the Mountain Creek pump station upgrade must handle the entire 99,000 gpd flow capacity from the Township and questioned the "phased approach" to the pump station's upgrade.

Mr. Cerenzio clarified that the Mountain Creek pump station upgrade must be able to convey the full capacity of the flow from the pipe in order for the TWA application approval. The new Pump Station must be able to convey the current capacity plus an additional 265,000 gpd. Mr. Cerenzio further advised that the pump station construction schedule could take six (6) months to one (1) year to complete. Currently, Pump Station #1 can handle an additional estimated 20,000 gpd flow capacity without upgrades.

Ms. Campbell reiterated that the Developers Agreement and TWA sign off will stipulate the 20,000 gpd limitation until the upgrades are completed..

Mr. Jeff Patterson assured all parties that it is in Mountain Creek's best interest to get the most capacity available in Pump Station #1 as soon as possible and stated that Mountain Creek will keep the Township apprised of discussions with United Water on the "phasing approach" that is preferred by Mountain Creek. He also indicated that Mountain Creek is awaiting a proposal from CMX Engineering to evaluate the feasibility of the "phased approach" for the Pump Station #1 upgrades and will share the report with the Township. The feasibility study is expected to be completed within 30 days.

### **Sussex County Municipal Utility Authority Treatment Plant**

Mr. Cerenzio stated that the SCMUA treatment plant is under construction and is on schedule for full operation for Vernon Township's waste water. A metering plan must yet be finalized between United Water and Vernon Township and a Sewer Use Ordinance adopted by the Township. Mr. Cerenzio commented that SCMUA's connection fee is currently \$4,614.00 based on the current user base. In addition, operation and maintenance service charges are calculated by formula based on the debt service. According to the Developers Agreement, Vernon Township will be required to collect a Connection Fee, which shall be a minimum of \$1,000 per connection, and which shall be in addition to any connection fee imposed by SCUMA, together with an annual Service Charge of at least a minimum of \$1,000 for each user who is connected directly or indirectly to the sewer system. The Connection Fee and Service Charge shall be established by Ordinance.

### **Water System**

There was also a separate but related discussion by Ms. Campbell regarding the expiration of Vernon Township's option for 60,000 gpd of water allocation from United Water's current system for the Town Center. Ms. Campbell advised that other interested parties have contacted United Water expressing interest in obtaining the water allocation should Vernon Township not commit to the 60,000 gpd by November 2009.

Mayor Austin Carew questioned if United Water could provide direct capital improvements to the water system infrastructure for future potential customers. Ms. Campbell responded that the Board of Public Utilities does not allow a water/sewer utility to offer capital improvement incentives to potential developers because it is considered a speculative business practice. Further, Ms. Campbell explained the BPU must remain fair and impartial relative to rates and costs imposed on current customers

of a utility. The BPU and utility companies cannot, and do not, assume any risks or obligations for infrastructure improvements for potential customers.

### **PUBLIC COMMENTS**

Mayor Carew opened the meeting for Public Comment.

Seeing no one from the public wishing to speak, Mayor Austin Carew closed the public portion of the meeting.

### **COUNCIL DISCUSSION**

The Township Council questioned if redevelopment bond funding could be solicited for the water utility expansion since Mountain Creek is in a Redevelopment Area. This will be further explored.

Mayor Austin Carew and Council Member Richard Carson expressed concern that the Highlands Council report declared parts of Vernon Township as a water-deficit area and questioned how this might impact gaining any additional water allocation capacity for the Town Center should it be needed. Mr. Cerenzio responded the Highlands Council report will not impact the existing water allocation permit; however, it would impact any additional water allocation capacity the Township may seek for future development.

### **ADJOURNMENT**

There being no further items of business to be conducted on the Special Meeting agenda, a motion for Adjournment was made by Council Member Valerie Seufert. Motion seconded by Council Member Richard Carson with all members voting in favor.

The Regular Meeting of the Township Council of the Township of Vernon was adjourned at 12:10 p.m.

Respectfully submitted,

*Robin R. Kline*

Robin R. Kline, MAS, RMC  
Municipal Clerk

Minutes approved: September 10, 2009