

TOWNSHIP OF VERNON

TOWNSHIP COUNCIL SPECIAL WORKSESSION MEETING

November 12, 2009

The Special Work Session Meeting of the Township Council of the Township of Vernon was convened at 4:00 p.m. on Thursday, November 12, 2009 in the Vernon Municipal Center, 21 Church Street, Vernon, New Jersey with Mayor Austin Carew presiding.

STATEMENT OF COMPLIANCE

In accordance with the Open Public Meetings Act, N.J.S.A. 10: 4-7, adequate notice of this meeting was provided to the New Jersey Herald newspaper on November 5, 2009 and such notice was posted on the bulletin board in the Municipal Building.

ROLL CALL OF MEMBERS

Present were Council Members Richard Carson, Valerie Seufert, Sally Rinker, and Mayor Austin Carew. Council Member Gary Grey arrived at 5:25 p.m.

Also present were Township Manager Melinda Carlton, Chief Finance Officer Bill Zuckerman, and Lou Kneip, Director of Planning and Development.

Township Attorney Michael Witt was absent.

SALUTE TO THE FLAG

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

MAYOR'S COMMENTS

Mayor Austin Carew stated the purpose of the Work Session was twofold:

1. Discuss the United Water Developers Agreement for the Town Center Sewer Project; and
2. Discuss the options for the appropriation of unbudgeted funds with respect to losses incurred by Ameripay

DISCUSSION OF THE UNITED WATER DEVELOPERS AGREEMENT

Mr. Robert Benecke, Redevelopment Consultant to Vernon Township, presented an update on the status of the Town Center Sewer System project. Before his presentation began, Mr. Benecke distributed a memo to the Council dated October 21, 2009 and entitled, "2009 Sewer Service Report: Town Center- including Mountain Creek."

Mr. Benecke stressed the legal and fiscal obligations the Township is under to finish the connections necessary to allow for the transmission of sewer and stated the Township is in an "untenable position." The Township's estimated annual net obligation to SCUMA the first year is \$338,777, which will have to be funded in the Township's annual budget. The total obligation to be funded in subsequent years is \$617,106, plus \$100,000 for the annual debt service interest. Once the sewer system is connected and flow begins, the United Water tariff will apply adding \$36,000 to the Township's annual sewer bill. As of January 1, 2011, the Township must pay \$717,000 to SCUMA, whether or not there is flow in to the sewer system.

Expansion of United Water's Franchise Service Area

Mr. Benecke further stressed to the governing body that the first and most important step the Township must take is to expand the United Water Franchise Service Area. Once the expansion of the Franchise Area is approved by the Board of Public Utilities [BPU], a Treatment Works Application [TWA] must *immediately* be filed with the NJDEP in order to begin construction of the Mountain Creek connector pipe. Without the connector pipe, there can be no flow.

Mr. Benecke reminded the Council and Manager of the complexities of the four-party agreement among United Water, Mountain Creek, SCUMA, and Vernon Township and asserted “it may turn out to be a nightmare” if any of the four party’s delays in meeting their obligations. Mr. Benecke assured the Council that United Water and the Township have entered into an agreement and SCUMA and Mountain Creek continue to be cooperative.

Mary Campbell, United Water Corporate Attorney, affirmed that United Water agrees to expand their franchise area. United Water will bill Mountain Creek subject to the Board of Public Utilities [BPU] regulations and approvals.

Mr. Benecke applauded United Water, Mountain Creek, SCUMA, and the entire Vernon team for working cooperatively towards ratification and fruition of this project.

Completion of the gravity sewer pipe

Mr. Benecke repeated that once the expansion of the Franchise Area has been approved by the Board of Public Utilities [BPU], a Treatment Works Application [TWA] must *immediately* be filed with the NJDEP in order to begin construction of the Mountain Creek connector pipe. The TWA application permit would be paid by Mountain Creek. The connector pipe must be completed to allow effluent flow that would begin collecting revenue from the established sewer flow rate charges and fees.

Mr. Benecke urged the Township Council to adopt the resolution authorizing execution of the service extension agreement between United Water Vernon Sewage Inc., United Water Great Gorge Inc., and Vernon Township. He also urged the Council to enforce its contract between the Township and Mountain Creek regarding construction of the pump station and sewer pipe. The estimated cost to construct the sewer connector pipe is \$1.8 million; the upgrade to the pump station is estimated to cost \$250,000.

Upgrade Mountain Creek Pump Station

The third important item necessary to completing the sewer system is the upgrade to the Mountain Creek Pump Station to accommodate the projected 600,000 gallons per day [GPD] flow of the Town Center Sewer System. Mountain Creek will use 166,000 GPD.

In closing, Mr. Benecke stressed to the Council, Manager, and Township Engineer that every month is critical in moving forward on this sewer project.

Mayor Austin Carew stated that the sewer system must be completed at minimum cost to taxpayers.

Council Member Valerie Seufert questioned the amount of anticipated revenues that would be raised for 20,000 GPD sewer flow. Mr., Benecke responded approximately \$136,000 in revenue would be received for 20,000 GPD.

In the interest of time, Mayor Austin Carew closed any further discussion of this matter.

PUBLIC COMMENTS

Mayor Carew opened the meeting for Public Comment.

Gary Martinsen, Vernon resident, commented that the Council is obligated to fully-review the United Water Agreement before approving the Resolution authorizing the execution of the agreement. Mr. Martinsen further questioned if Mayor Carew’s commercial property is in the Town Center.

Jamie Rickey, Vernon, commented that the original intent of the Township’s sewer system was that would not cost the taxpayers any money at all.

Liz Walker, Vernon, questioned whether the sewer agreement should contain a contingency clause which protects the Township should Mountain Creek default.

Phyllis Pfeiffer, Vernon, questioned why the Mountain Creek Evergreen Bonds do not sufficiently cover the Township for its costs on the sewer project and asserted that the taxpayers should be protected should Mountain Creek default on their obligation and

suggested that an “escalation cost” clause should be included in future agreements to protect the taxpayers from having to pay for another party’s obligation.

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

FUNDING OF UNBUDGETED MONIES FOR THE AMERIPAY LOSS

Mr. Bill Zuckerman, Chief Finance Officer, presented four [4] options the Township Council may consider for funding the \$351,000 Ameripay loss.

- Option 1: Fund the total loss out of the 2010 Budget.
- Option 2: Fund the total loss out of the Fund [surplus] Balance.
- Option 3: Fund the total loss by a refunding bond to be paid back over 5 year with interest.
- Option 4: Use unexpended 2009 Budget money from various accounts

Mr. Zuckerman recommended Option 4 could be used with no fiscal impact to future year budgets; however, Mr. Zuckerman pointed out that the state is recommending local governments issue a 5-year refunding bond. Mr. Zuckerman calculated the annual principal payment amount on the 5-year debt would be \$72,000 plus interest per year.

COUNCIL COMMENTS

Council Member Valerie Seufert questioned the benefits of issuing a 5-year refunding bond versus using unexpended funds from the 2009 Budget.

Council Member Valerie Seufert also questioned the likelihood of the Township receiving any of the embezzled funds through the bankruptcy proceeding.

The governing body requested a firm understanding of how much money is available in the 2009 current operating budget.

Mayor Austin Carew suggested the DCA should be contacted to understand if capital surplus monies could be used to fund the Ameripay loss.

PUBLIC COMMENTS

Mayor Carew opened the meeting for Public Comment.

Robert Oliver, Sand Hill Road, commented that his annualized analysis of the Municipal Budget suggests the Township likely has sufficient funds to absorb the entire \$351,000 Ameripay loss and therefore the taxpayers should not have to incur further bonding debt.

Gary Martinsen, Vernon resident, suggested that Township should forecast collective costs for Kelly Bill reimbursements to private communities.

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

ADJOURNMENT

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

The Special Work Session Meeting of the Township Council of the Township of Vernon was adjourned at 6:00 p.m.

Respectfully submitted,

Robin R. Kline

Robin R. Kline, MAS, RMC
Municipal Clerk

Minutes approved: December 10, 2009