

## **BUDGET MEETING, DECEMBER 6, 2016**

The second Budget Meeting of the Gloucester Township Municipal Utilities Authority was held on Tuesday, December 6, 2016 at 5:30 P.M. at the Gloucester Township Municipal Utilities Authority Building, 401 W. Landing Road, Blackwood, New Jersey.

The following members were present: Mr. Calabrese, Mr. Pillo, Mr. Bianchini, Mrs. Bradley and Mr. Garbowski.

Also present were: Mr. Long, Mr. Leisse, Mr. Brickley, Mr. Applegate, Mr. Carr, Mr. Engelbert and Mrs. Hrynio.

Mr. Mercado was also present.

Mr. Cardis was not present.

On motion of Mr. Bianchini, second by Mr. Pillo, Mr. Simiriglia and Ms. Guevara were excused from this meeting as they both were ill.

All signified their approval by stating aye.

The Chairman read the commencement statement noting that the meeting was advertised in the Courier Post, and The Central Record Newspaper, and notice was placed on the bulletin board of the Township of Gloucester, and the Gloucester Township Municipal Utilities Authority; the meeting was recorded.

Chairman Calabrese stated that no action would be taken at this meeting.

Chairman Calabrese stated that we would begin with reviewing the Proposed 2017-2018 Solid Waste Operating Budget. The meeting was turned over to Mr. Applegate.

Mr. Applegate stated that pending any changes that may come from the Township - as of now, there were no changes made to the Proposed Operating Budget from the last meeting.

Chairman Calabrese asked if there were any questions on the Solid Waste Operating Budget. There were none. Chairman Calabrese stated that we would move on to the Sewer Operating Budget.

Mr. Applegate stated that there were no changes made to this budget. We are in good shape.

Chairman Calabrese asked if there were any questions on the Sewer Operating Budget. There were none. Chairman Calabrese stated that we would move on to the Sewer Capital Budget.

Chairman Calabrese asked Mr. Applegate if he had any comments. Mr. Applegate stated that we are using \$903,000 of surplus to support the fiscal year 2018 Capital Budget for Sewer and we have close to \$1.6 million available, so we are in good shape as far as utilization of those funds.

Chairman Calabrese turned the meeting over to Mr. Leisse. Mr. Leisse referred the Board to the Sewer Capital Budget – Page 1.

- A) Emergency Repairs - \$75,000. We discussed this with the Executive Director and our Technical Consultant and agree that \$75,00 is a conservative number for what we may encounter in the upcoming year.
- B) Equipment Replacement - \$100,000. We have identified several items underneath this including variable speed drives - as part of the control upgrades that we are currently doing with Xylem – these can be purchased separately from that contract to augment those upgrades.
- C) Telemetry - \$530,000. \$500,000 is part of the continuation of the Trust V under the NJEIT Program with \$30,000 of our own monies for the upkeep of that new equipment. The Trust V is split between 2016 and 2017 because of the way the contracts are laid out.
- D) Standby Generators - \$100,000. We have identified replacements or upgrades at Lincoln Avenue, Front & Woodland, Twin Streams and Raintree as the main items that we would target for 2017.
- E) Sewer Rehab Program - \$100,000. We have identified miscellaneous areas in the system including Fresno, Fay Ann and Cresmont Avenue. We are also going to do some lateral lining because we know that there are some issues with the age and condition of some of the laterals in the system.
- F) Buildings & Grounds - \$25,000. We have put that aside the last few years for miscellaneous improvements as needed.
- G) Computer Upgrade - \$10,000. This is for a new server – you will also see \$10,000 under the Solid Waste Capital Budget – the cost will be split.
- H) Electrical Upgrade - \$3,000. Any miscellaneous things we may encounter next year.
- I) Pump Station Upgrades - \$250,000. We have several Capital projects that we would like to take a look at and move forward with including the replacement of the Glen Oaks PS, improvements along Prospect Avenue, improvements with the Orr Road collection system and we discussed improvements at the Erial Road pumping station – increasing that pumping station with the installation of a bypass chamber.



- J) Maintenance/Equip/Repairs - \$50,000. This is a pretty stable item that is used for the replacement and repairs of pumping station equipment and accessories.
- K) Administration Building - \$15,000. This is for some miscellaneous improvements.
- L) Record Recording - \$15,000. This is for the continuation of the digitizing of the Authority's records.
- M) Health & Safety - \$5,000. This is a stable number for safety equipment that the men need every year.
- N) Vehicles - \$125,000. We have identified the replacement of the curb stop van due to the condition and age. And a new pick-up truck for the fleet.

Mr. Leisse stated that this brings us to \$903,000 which is a slight increase from last year. He asked if there were any questions.

Mr. Bianchini asked what is the level for something to be considered a Capital Item. Mr. Applegate replied, \$1,500. Mr. Applegate stated the only category that would not qualify would be the emergency repairs. Mr. Bianchini asked what the length of life is for a piece of equipment. Mr. Applegate replied, five (5) years.

Chairman Calabrese asked if there were any questions. Mr. Applegate stated that this budget is a little different from a municipal budget because this is what we really call the "Renewal and Replacement Budget". The bond resolution states that you are allowed to do major repairs that may not create an asset. So if there was a pump station situation that had to be addressed and it cost \$150,000 – it would not come out of the operating budget, it would come out of this capital budget. Mr. Bianchini stated it is the same with emergency repairs. Mr. Applegate replied, yes. They call these non-recurring expenses – not that the category is non-recurring but the actual event is. It is a little bit different than what you are used to seeing on the municipal side where you do your capital budget and it has to create an asset. Mr. Bianchini thanked Mr. Applegate.

Mr. Leisse instructed the Board to turn to page 2 to the 5-Year look ahead budget. He stated that Mr. Brickley can help shed some light on some of these items as well. Mr. Leisse stated that the biggest items start showing up in Fiscal Year 2019 where we would like to start implementing some of the improvements that we have been working on in 2017 and 2018. So you will see increases in costs for Equipment Replacement, Sewer Rehab Program and Pump Station Upgrades - where we would like to move forward with doing more on the lateral work under the sewer rehab program – our system is aging so we are probably going to see more in the way of replacement of pumps and items like commutators at the stations. As far as pump station upgrades go, we would like

to go to construction for those projects – Glen Oaks, Prospect Avenue and Erial Road and that would continue on through the five year program.

Mr. Brickley stated that our plan over the years was typically one of stability. We like to keep it flat. Early on with his initial involvement with the Authority, we were dealing with a lot of emergency repair work. We were spending a lot of money on emergency repairs. Even though they were emergency repairs, and materials would last a long time, typically we were only repairing a small piece of main, etc. We spent a ton of money on an emergency repair on Hider Lane and we only repaired a few hundred feet of line. We went back later and sliplined several times that amount for a fraction of the original money. So by keeping that static/flat, we have seen a great reduction in our emergencies. We have seen a continued improvement in getting more useful life out of that equipment. Obviously, it is a plan – not set in stone – but we are thinking about the future.

Chairman Calabrese asked if there were any questions. There were none.

Chairman Calabrese stated that we would move on to the Solid Waste Capital Budget. Mr. Applegate stated that he had no report on this as it is the Township's operation.

Mr. Brickley stated that it is pretty vanilla. We stick to the recycle trucks which is critical to our operation. We have that built into our agreement. Once again, the loader is also very critical to the operation – moving things once they get on the site. This budget looks the same from year to year. Originally, we probably only had three to four items on this budget, we have doubled that. Those items are the nuts and bolts to Mr. Engelbert's operations.

Chairman Calabrese asked if anyone had anything to add or any questions.

There were none.

## **PUBLIC PORTION**

There was no one present.

Chairman asked for motion for adjournment.

On motion of Mr. Bianchini, second by Mr. Pillo, the meeting adjourned.

All signified their approval by stating aye.

  
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Marlene Hrynio, Recording Secretary

**APPROVED DECEMBER 15, 2016 REGULAR MEETING**