

OPEN SESSION

Mayor Robert Patten called the meeting to order at 6:05 p.m. and read the Open Public Meetings Act statement which stated that adequate notice and posting of the meeting had taken place in accordance with the requirements of P.L. 1975, Chapter 231.

The flag salute was followed by the roll call.

ROLL CALL

	PRESENT	ABSENT
<i>Mayor Patten</i>	✓	
<i>Councilmember Harinxma</i>	ARRIVED AT 6:15	
<i>Councilmember Quattrone</i>	✓	
<i>Councilmember Rosenberg</i>	✓	
<i>Councilmember Schneider</i>	✓	
<i>Councilmember Sikorski</i>	✓	
<i>Councilmember Thompson</i>	ARRIVED AT 6:40	

Also in attendance: Candace Gallagher, Borough Clerk/Administrator; William Searing, Wastewater Treatment Plant Superintendent; Larry Blake, Public Works/Water Superintendent; and George Lang, Chief Financial Officer.

APPROVAL OF AGENDA

The agenda as presented was moved by Councilmember Sikorski, seconded by Councilmember Quattrone and approved by all.

PUBLIC COMMENT

Mayor Patten opened the floor for public comment.

Eugene Sarafin, 600-628 South Main Street, stated that he analyzed the Borough's allocations to the water and sewer budget, and urged Council to "get rid of the flush tax." He noted the need to cover the budget for 2006 and stated that the Borough should bill all outstanding accounts in order to collect what is owed. Mr. Lang noted that, in order for revenues to be accounted for in the 2006 budget, they must be received before the end of the year. Mr. Sarafin suggested that the bank would discount notes at a rate of 18%. Mr. Lang stated that this would not be in the Borough's best interest.

No one else came forward and the floor was closed.

ORDINANCES

INTRODUCTION AND FIRST READING: ORDINANCE 2006-29,

AN ORDINANCE TO AMEND SECTION 19-2.2, "WATER CHARGES," AND SECTION 19-2.3, "SEWER CHARGES," OF THE REVISED GENERAL ORDINANCES OF THE BOROUGH OF HIGHTSTOWN

Ms. Gallagher reviewed the provisions of Ordinance 2006-29, and the circumstances which have created the need to raise rates at this time. Those circumstances include a reduction in water usage with consistently declining revenues over the past five years; a decrease in miscellaneous revenues created by the need to discontinue the acceptance of grease at the Advanced Wastewater Treatment Plant; an increase in costs, particularly chemicals, sludge removal, sewer plant maintenance and insurance; a shortfall in anticipated connection fees; and a decrease in available surplus which has been used in the past to support the utility budget. The proposed rate increase will cover a shortfall of approximately \$255,000. She noted that, except for a one-time adjustment to water base rates following the closing of the Minute Maid facility, rates have not been increased since 2002.

Ms. Gallagher offered a menu of five scenarios for the proposed water and sewer rate increases, each designed to bring in approximately the same amount of additional revenue, as follows¹:

- Scenario 1: An increase in base and usage rates in similar proportions to the 2002 rate increase
- Scenario 2: An increase in base rates only
- Scenario 3: An increase in base and usage rates, with the base rate to include the first 500 cubic feet of water usage
- Scenario 4: An increase in base rates only, with the base rate to include the first 500 cubic feet of water usage
- Scenario 5: An increase in base and usage rates, with the base rate to include the first 500 cubic feet of water usage (similar to Scenario 3 but with a slightly lower base rate increase and slightly greater usage rate increase)

Discussion ensued.

Mayor Patten asked Mr. Searing about the cost increases at the sewer plant. He replied that the septage which we accept creates additional sludge and requires more chemicals to treat it.

Ordinance 2006-29 was moved by Councilmember Quattrone and seconded by Council President Schneider. Discussion continued. Ms. Gallagher stressed the importance of providing for these added revenues, and asked Mr. Lang to comment. He stated that the utility budget must be balanced, and any deficit there would have to be raised in the current fund, representing an added tax burden. In addition, the anticipated deficit becomes a line item in the current budget which is inside the cap, and we have no room in the cap to support something like that.

Mayor Patten asked how surplus is generated. Mr. Lang said that it is generated by bringing in more revenues than anticipated and by spending less than what is budgeted.

The Mayor asked if we are taking measures to reduce costs and by how much, and if not, why we are not.

¹ A chart showing the impact of each of these scenarios on low, moderate and high levels of residential use was distributed by Ms. Gallagher at the meeting, and is included at the end of these 12/14/06 minutes.

Mr. Blake responded that, by installing our backwash water recovery system and undertaking repairs to our aerator, we have been able to reduce backwashes to three times per week rather than daily. This saves millions of gallons of water per year, he said, and he estimated the financial savings at \$22,760 in salaries and \$12,000 in pumping costs. He went on to say that we budgeted \$20,000 for water plant maintenance and will spend only about \$11,000 this year. The difference will go to surplus. "We can't afford to budget small and keep our fingers crossed," he said. "We have to keep the plant running and have enough money to maintain it."

Mayor Patten asked about the cost of a water main break during the previous week at Morrison and Hausser. Mr. Blake stated that he, Assistant Superintendent Ken Lewis and one other man (the latter being the only employee receiving overtime for the work) made the repairs. It cost the borough about \$330 for materials and four hours in overtime. "If we had to put that job out," Mr. Blake said, "it would have cost between \$6,000 and \$7,000." He noted that the Public Works department is also doing water and sewer repairs for Roosevelt Borough, which brings in additional revenue.

Councilmember Thompson arrived at the meeting at this time.

Mr. Searing provided information about cost savings at the sewer plant. "All we are doing is mostly in house," he said, and noted that we "couldn't do it without Larry Blake." He said that Borough has saved substantially by making its own repairs, and added that he believes in preventive maintenance as it is more cost effective. "The driving factor [for costs] this year," he said, "is the discharge permit. DEP wants us to go from 1 part per million to .1 part per million for phosphorus. I had to put an extra \$20,000 to \$30,000 in the budget in chemical costs to start a trial to see if I can do it." If not, he said, the Borough may face a high capital cost to achieve those limits, possibly as high as \$2 million. Mayor Patten asked if this is affecting all sewer plants, or just Hightstown's. Mr. Searing stated that this limit is being placed on most plants, and "there is a lot of fighting going on." That limit will be extremely difficult to meet, he said.

Mr. Searing went on to say that, this year, the plant will take in about a half a million dollars in septic and gray water revenues, which he said is the only way to bring in extra revenues until new development takes place. In addition, the plant takes the waste stream from the water plant, which saves money. "When you pull water out of a well," he said, "it has a certain percentage of iron." Mr. Blake stated that this used to be dumped into our lagoons, which had to be cleaned periodically, and disposal costs approached \$200,000 per year. We changed our operation, he said, and put pumps in, and the sewer plant took the material. It can be disposed of along with our sludge which is less expensive. "We are doing real well with the backwash recovery tank," he said.

Mr. Searing noted other cost savings achieved by energy conservation (Public Works has changed all the lighting ballasts at the plant) and said, "If we can get through 2007 and achieve a good result with the phosphorus, we may not have to go to a capital cost, but we have to spend the money to find out if we can do it." He also stated that the Scada alarm system is nearly operational now, and may facilitate a reduction in shifts and possibly manpower. "Once we get something going," he said, "we'll need DEP approval. Right now, we are mandated to follow certain hours of operation."

Councilmember Rosenberg asked if we can establish relationships with other treatment plants that could allow us to leverage purchasing power. "I'm not sure if we could," Mr. Searing replied. "The electricity co-ops backfired on a lot of them." Council President Schneider asked if the chemical costs have increased due to the usage or the price. "Both," Mr. Searing replied. "The alum will double – that is the primary agent in reducing phosphorus. So will the magnesium hydroxide."

Councilmember Sikorski asked if the plant is currently "at capacity" for what it can process. Mr. Searing stated that in 1990, the plant was rated for 1.2 million gallons per day, but that was later downgraded to one million. Right now, he said, we are in the range of 700,000 gallons.

Mr. Lang had to leave the meeting at this time.

Mr. Blake noted that pumping costs have decreased since Minute Maid left, but the savings have been only about \$11,000, while we lost a great deal of revenue. Councilmember Sikorski asked about the status of the solar electricity generating system, and Mr. Blake stated that there has been a problem with the Department of Energy, but as soon as that is straightened out and they give us the go-ahead, we'll be online quickly. That will save us electricity costs once it is operating. Mr. Blake noted that he has heard people say that consumption goes down during wet weather, but that has not proven to be true. There is actually more water pumped during the wetter years, he said. "We're doing our best to keep costs down," he added.

Mayor Patten asked Mr. Searing about his position with the AEA (Association of Environmental Authorities). "I'm on the Board of Directors," he replied. "They have discussed the discharge permit increase. A lot of plants are facing the same problem." He noted that East Windsor and Plainsboro have the same limit.

Councilmember Rosenberg asked, "If we were going to sell our plant, would that be our responsibility or that of the utility that takes it over?" Mr. Searing replied that the cost would be passed along to the ratepayers.

Mr. Blake stated, "We just got rid of one DEP permit - \$4,000 per year when we lined a lagoon." We still need, however, to pay for our Water Allocation Permit. "We pay DEP just to be able to pump so many gallons per year. Those numbers are driven by the State and not by us," he said.

Mayor Patten asked about the age of the Borough's underground infrastructure. Mr. Blake said that it dates back to 1912. "If I'm interested in buying your water and wastewater plants," the Mayor asked, "would I buy it with the infrastructure included or would it be wiser for me to just buy the plant and leave the piping to the Borough to maintain?" Mr. Blake could not answer that. He said that Cranbury sold their plant, but he does not know if the piping was included. "They would have to depreciate the cost," he said, "so it would be worth nothing at this point." He added that, on Route 130, we had a water line that was giving us a lot of problems. It generated revenue, but it also required a lot of work to rehabilitate it. "It would probably be the same with our system," he said, indicating that the Borough could have to pay someone to take it over.

"We are doing everything possible to have our plants run effectively and efficiently," Mayor Patten said. "I doubt anyone could do a better job." He commended Mr. Blake and Mr. Searing for their work.

Councilmember Thompson concurred, and said that "the only way to hold costs at their current level is to make changes at places within the structure of Hightstown." He said that he is "not inclined to support increases in rates for residents of Hightstown." Mayor Patten asked him what alternatives he would recommend. "Nothing further this evening," Mr. Thompson replied. The Mayor stated that "we are trying to come up with a solution right now for next year."

Councilmember Sikorski referred to the scenarios presented earlier by Ms. Gallagher and expressed his support for Scenario no. 2. Discussion ensued regarding the pros and cons of the various scenarios.

Councilmember Quattrone agreed that Scenario #2 seems to be the "fairest way," noting that everyone would receive the same increase in their billing under that option.

Councilmember Sikorski recommended that the Borough establish a discount for senior citizens who are eligible for PAAD, which can be addressed separately.

Councilmember Rosenberg recommended that, at the next meeting, a Resolution be adopted to explore shared services for purchasing as a way of being proactive. Even if nothing happens, he said, it will show the State that we are trying.

Mayor Patten pointed out that the Borough currently participates in a shared purchasing program with other towns for office supplies, and added that the DCA has said that Hightstown is an example of efficiency, and has even asked him to participate in seminars in order to share with others what we are doing.

Councilmember Quattrone noted the problems posed by state mandates that must be funded by the Borough.

Council President Schneider asked why Councilmembers Sikorski and Quattrone prefer Scenario #2. Scenario #1, he said, would make it a more even increase, proportionately. Councilmember Quattrone stated that Scenario #1 would be detrimental to a large family. He recalled that, the last time this came up, the Borough was told that it was illegal to raise only the usage rate. He feels that #2 is fairer for everyone, he said. Councilmember Sikorski agreed, with the provision that seniors in the PAAD program be provided for.

The roll was then called on the introduction of Ordinance 2006-29, using Scenario #2 for the rate increases.

Roll Call: Councilmembers Harinxma, Quattrone, Rosenberg, Schneider and Sikorski voted yes.
Councilmember Thompson voted no.

Ordinance introduced, 5-1.

Councilmember Quattrone thanked Mr. Blake and Mr. Searing for their participation and their hard work. Councilmember Sikorski thanked Ms. Gallagher for putting together various scenarios for Council's consideration.

The public hearing and final reading for Ordinance 2006-29 was set for December 27, 2006, at a special meeting to be convened at 4:30 p.m. that day.

RESOLUTIONS

Following a brief review by Ms. Gallagher, Resolution 2006-270 was moved by Councilmember Quattrone and seconded by Council President Schneider.

Roll Call: Councilmembers Harinxma, Quattrone, Rosenberg, Schneider, Sikorski and Thompson voted yes.

Resolution adopted, 6-0.

RESOLUTION 2006-270 AUTHORIZING A TRANSFER OF FUNDS IN THE 2006 BUDGET

WHEREAS, N.J.S.A 40A:4-58 provides that the governing body may authorize a transfer of funds in the budget during the last two months of the fiscal year;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Hightstown that the following transfers in the 2006 budget are hereby authorized:

CURRENT BUDGET:	<i>From:</i>	<i>To:</i>
<i>Inside Cap:</i>		
Police – Other Expenses	4,022.00	
Emergency Medical Services – Other Expenses	60.00	
Gas/Heating Oil – Other Expenses	2,620.00	
Telephone – Other Expenses		1,000.00
Gasoline – Other Expenses		5,702.00
TOTAL:	\$6,702.00	\$6,702.00

Following a brief review by Ms. Gallagher, Resolution 2006-271 was moved by Councilman Sikorski and seconded by Councilman Rosenberg.

Roll Call: Councilmembers Harinxma, Quattrone, Rosenberg, Schneider, Sikorski and Thompson voted yes.

Resolution adopted, 6-0.

RESOLUTION 2006-271 APPOINTING ELECTRICAL SUBCODE OFFICIAL

WHEREAS, due to the resignation of John L. Lee, there exists a vacancy in the position of Electrical Subcode Official; and

WHEREAS it is the recommendation of the Construction Official that Robert Mahan of Ewing, New Jersey be appointed to fill that position; and

WHEREAS, Mr. Mahan is duly licensed by the State of New Jersey to perform that function, holding license #7968;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Hightstown as follows:

1. Robert Mahan of Ewing, New Jersey is hereby appointed as Electrical Subcode Official for the Borough of Hightstown for a four-year term effective November 28, 2006.
2. The salary for Electrical Subcode Official shall be set at \$31.98 per hour, for a minimum of six hours per week.
3. A certified copy of this Resolution shall be submitted to the State of New Jersey Department of Community Affairs.

There being no further business, adjournment was moved by Councilmember Sikorski, seconded by Councilmember Harinxma and unanimously approved. The meeting was adjourned at 7:30 p.m.

Respectfully submitted,

Candace B. Gallagher, RMC
Borough Clerk