

**MINUTES OF THE MEETING OF THE
MAYOR AND COUNCIL
OF THE BOROUGH OF SUSSEX
HELD AT THE SUSSEX MUNICIPAL BUILDING
2 MAIN STREET, SUSSEX, NJ
OCTOBER 5, 2010**

Mayor Parrott called the meeting to order and requested the clerk to call the roll. Upon roll call, the following members of the Governing Body were present: Mr. Fransen, Mr. LaBar, Mrs. Little, Mr. Meyer, Mr. Rose, Mayor Parrott.

Absent: Mr. Dykstra

Mayor Parrott led the assembly in the flag salute and requested a moment of silence.

Mayor Parrott stated "This meeting is being held in compliance with the provisions of the Open Public Meetings Act, P.L. 1975, Ch. 231. It has been properly advertised and certified by the Clerk."

At this time Bob Schultz, DPW Supervisor addressed the Council. He stated that there was a leak on the force main down on Route 23 by Kuiken Brothers. There was a hole on the side of the pipe. Because it was the first time that they had to deal with a sewer leak they did call Wantage Excavating to help. There were some problems with the isolation valves. They couldn't shut the pipe down to stop the flow so a quick repair was done. Everyone was notified and the job went very well.

Mayor Parrott stated that this has been about the fourth or fifth leak in that same area of pipe. Bob and his crew did a lot to keep the costs down. We used Wantage Excavating and their bill will be minimal, around \$1300.00 as compared to the thousands that we had to pay them on the other leaks. In the future, now that Bob has the expertise, we might actually be able to handle these jobs totally in house.

Mr. Schultz stated that it is definitely something we could tackle on our own from now on, depending on the location.

Mayor Parrott stated that he called John Ruschke since this was the first break that we've had while he is the engineer. He came by the site, as did Dave, and everyone came up with a plan to stop this type of thing from happening in the future. Mayor Parrott stated that this was the first time that he was made aware that the pipe had air release valves on it. A chemical that forms on the pipes cause the deterioration of the pipe. The repair of these valves needs to be addressed. Because we couldn't isolate the problem we had to shut down the pump station. They had to fix the problem while the pipe was still under pressure. In the spring we may possibly take a piece of the pipe out to have it examined to see why it is deteriorating. The break this time was only about five feet away from the last break that we had. Hopefully we can take out the entire piece in the spring and replace it with a new section. John Ruschke also stated that he would like to video the pipe to see how extensive the damage is.

Mr. Schultz stated that with the Interlocal we were able to utilize Hardyston equipment and get the materials and have them on site versus having to pay a contractor to haul and pick up. Ultimately moving forward it will save the Borough a lot of money.

Mayor Parrott stated that we were looking at ten times the cost when we had to have the contractor do all of the work.

Mr. Schultz stated that he has made a spread sheet to help the Borough keep better track of the electric bills. The sewer station has high flows some months and that is why there was such a large spike in electric usage.

Mr. Schultz also reported that he has gathered information regarding possibly putting solar down at the Borough garage. The information is from the vendor that Hardyston used to put their solar in. They think the garage is a very viable site and they are recommending a 60 kw system. We should take a look at what the revenues and debt service will be and what the return on the investment will be. Ultimately the savings from the utilities and the money from the SRECS will give the Borough approximately \$373,000.00. The normal life of the converter is about 20 years. It looks like it is a viable thing that we should be taking a look at.

Mayor Parrott and the Council agreed that Mr. Schultz should move forward with the solar project.

Mr. Schultz stated that they put in the programmable thermostats as Mr. LaBar requested. He also reported that he made up charts to show the Council the I & I problems in the Borough and the huge spikes that occur when we have a rain event. The charts compare 2009 and 2010 and show how severe the problems are. The flows are significant during the rainy months. The flow that we are allowed on a daily basis is around 460,000 gallons. He stated that he can also do exceedance charts so that the Council can see the times that we go over the allowed daily flow. We are keeping track of the flow down at the pump station daily to see if it is the same as the flow given to us by SCMUA. Last Thursday we sent down almost one million gallons. Although it may seem coincidental we did see a big drop after we fixed the leak on Route 23.

Mr. Schultz informed the Council that the DPW is down a couple of guys because of injuries. We are getting into the hunting season and many of his guys save their time to use and he has to let them take their time off. He is making sure though that the daily stuff is getting done and they are getting caught up on the bigger projects. They have to order more insulation for the pipe on Loomis Avenue in order to finish that project. They still need to work on the catch basins. They are not going to be slowing down but there are going to be some scheduling issues that he has to deal with.

Mr. Schultz went over the map of Main Street for the Harvest Festival with Mr. Rose. He is going to bring it to the State Police for their approval.

Mr. Dave Kirkham, United Water, addressed the Council regarding sewer break and stated that he is encouraged that they might have hit on something with the build up of the hydrogen sulfide issue in combination with the air release valves not functioning. Perhaps it may not be the entire line but only portion of it that need to be repaired. He also reported that the tank project is moving along. We are waiting for JCP&L to put in the temporary electric service for the pumping system. With the rain it has not been done so we are hoping that it will be done shortly.

Mayor Parrott stated that now we are concerned that we are getting into November and bad weather. We can't paint if the weather is bad and we are running out of time. Mr. Ruschke went up there last night to look it over and is on top of the situation.

Mr. Kirkham stated that the contractor can't begin until the water is drained from the tank. We were ready to drain it two Mondays ago so now we are hoping for next Monday. It will take about a month, hopefully, to complete the project.

PUBLIC HEARING ON FY 2010 MUNICIPAL BUDGET AMENDMENT

At this time, Grant Rome, Borough CFO, addressed the Mayor and Council regarding the FY 2010 Municipal Budget Amendment.

Mr. Rome stated that although we can't adopt the budget tonight we can have the public hearing on the amendment that we introduced last week, which was to amend in the transitional aid and to reduce the amount to be raised by taxation. There was another minor amendment in there to move some of the pension costs outside the cap. With that proposed amendment it drops the municipal rate by 12 and a half cents underneath what the estimated rate was, which will bring the overall municipal rate approximately a total of 4.25 or 4.26. Basically tonight we have to have the public hearing on the amendment, table the adoption of the budget until we hear from the State and then there is a second amendment which will amend some of the items in the water/sewer budget. The auditor can explain that more when we get to that resolution.

Mrs. Gleason commented that the article that was in the Herald about the increase in the rate was not correct. It stated that the increase was \$1046 for the average home in the Borough. That is not correct.

Mr. Rome stated that he did give the reporter the numbers a couple of times last week and he told her that the average home, with this proposed increase would go up approximately \$250.00 on a home assessed at \$100,000.00. An average home would go up about \$330 a year. Our average home is assessed at about \$115,000.00.

Mayor Parrott asked the reporter if she would do a correction in the paper so that the residents get the correct information.

Mr. Fransen made a motion to open the meeting to the public for any questions or concerns that they may have regarding the FY 2010 Municipal Budget Amendment. Seconded by Mr. LaBar. All were in favor.

There being no one from the public who wished to address the Governing Body regarding the amendment, Mrs. Little made a motion to close the meeting to the public. Seconded by Mr. Meyer. All were in favor.

Adoption FY 2010 Municipal Budget

Mr. Rome explained that we can not adopt the budget this evening until the new rate for the utility is set.

At this time Sam Rome and Kathi Mantell discussed the amendment to the 2010 Budget.

Ms. Mantell stated that she hates to be the bearer of bad news but that with the increase in the MUA fee there is going to be a substantial increase in the sewer rates for the Borough. She stated that in her memo it stated that at the end of August it looked as though the Borough could avoid having a significant deficit in 2010 but that was at the end of June, not August. In the study itself, in the assumptions, note one, it should be quarterly increase, not annual increase.

Ms. Mantell stated that when she goes about the study she always looks to see what the costs are going to be – how much money do we need to spend. The budget was introduced in March and then we applied for the transitional aid. She also stated that she was looking at the collection rate for the utility. We knew that there was going to be an increase and as late as this is, and she apologized for the lateness, she stated that she thinks that we would not have had to do an increase before now anyway. The only difference is that she could have brought it to the Council a couple of months sooner so that they would have that time frame and the flexibility. She apologized again for that.

Ms. Mantell stated that in the rate increase she saw the water utility should be able to sustain itself for the next two years. She stated that she gave the Borough the most conservative estimate. In the combined statement she is saying that we are going to raise \$142,000 deficit in 2011 but with what has to be amended on the budget we are taking a better look at collections through September and she is thinking that if we do the rate increase in the fourth quarter we will not be short. She did include the Clove Hill settlement in the amendment even though it was not included in the rate study. We have to demonstrate to the Division that what we get from the rents from the rate increase were going to get in this year. The estimated revenues were changed in the proposed amendment for tonight. These projections are extremely conservative and she stated that she thinks we are going to be in a better place. We are hampered by the fact that the MUA fee has increased significantly for 2010 and our collections have been effected by the fact that we are not collecting money from High Ridge. That impacts the residents' fees. The rate increase that has been proposed for sewer is going from \$180 a quarter to \$300 a quarter and the excess rate is going from \$18.80 per thousand gallons to \$25.90 per thousand gallons.

Mr. LaBar asked what alternative there is.

Ms. Mantell stated that she doesn't know if we really have an alternative at this point but she thinks that the biggest factor is the MUA fee and that the Borough is obligated to pay based on 312,000 gallons of sewerage a day which is not what we are putting through the lines. We are only putting through 225,000 through the line. There is a huge disparity that is costing the Borough. She doesn't know how to resolve that. The Borough has 578 active sewer accounts and she doesn't know if there should be more or if the Council would like to get involved in looking at how the sewer is structured. The simplest way to do that is to sit down with the computer programmers at MSI and go over what is occurring and what the Council thinks should be occurring or what we should be pursuing. She stated that she has heard that there are potentially 1200 customers that should be connected to the sewer but we only are billing 578 accounts. She also stated that earlier in the year when that rate increase came in from the MUA we were only estimating 3 to 5% increase in other expenses. That's when she said that she had to separate the MUA fee based on what happened in 2010 because we don't know if it is going to go up 10% a year. She had conversations with the MUA and they said that at this rate it looked like it could be as low as 2%. So in the 2011 projection she estimated that the MUA fees would go up 5% or \$35,000. If the increase is 2% then it will only be \$15,000 and we will end up \$20,000 ahead.

Ms. Mantell stated that the other factors are that we have the two NJ Infrastructure Trust Loans, the one for the water project has been included in the increase. She is hoping that the increase

that she has proposed will still be sufficient even with the I and I project loan and that it should put us in the right position for 2010 and 2011. The combined utility base on this projection would have \$100,000 deficit but in the projections she included raising \$140,000 so there is a lot of flexibility in here and she is hoping that all of the things fall into the right place and will work out to the positive.

Mr. Meyer stated that he spoke to Kathi regarding the possibility of looking at the issuance of CO's as a basis for charging a base rate for each certificate of occupancy. He asked Mrs. Gleason how many rental units the Borough has.

Mrs. Gleason responded that she believes that it is approximately 1100.

Mr. Meyer stated that each unit is not being charged currently, there is one master unit. His thought is that if we could charge each unit that has a CO a base unit then we would expand and more fairly charge the residents in the town.

Mr. Ursin stated that this issue was discussed by the Council before but the issue becomes whether we are talking about a flat fee or additional metering.

Mr. Meyer stated that he thinks that the number of units getting a CO should be the basis for charging a minimum charge plus from gallon one going forward. That way everyone is treated fairly. He thinks that the cost of the system should be borne equally by everyone.

Mrs. Gleason stated that in Franklin each individual unit is charge one EDU and that is how sewerage is charged. We base our rate here in Sussex Borough on usage.

Mayor Parrott stated that today we have to go with the proposal that is in front of us.

Mr. LaBar stated that somehow this has to stop.

Mayor Parrott stated that right now we are paying for a lot of sewerage to SCMUA that we are not actually using. We have to try and bring on more customers. We have to get our I & I under control. Hopefully the economy will turn around and the proposed developments will begin and also that with the Route 23 realignment we will be able to bring on new customers. Mr. Ursin just wrote a letter to a potential purchaser of sewer allocation.

Mr. Ursin stated that the Borough should also be talking to the County about their Waste Water Management Plan as well. The plan is coming to a point where it is going to be approved soon. The whole Route 23 corridor south of the Borough needs to be discussed with the County to include it in the sewer service area. In the past the discussion has gone nowhere but now the DEP has signaled that they are more open to those discussions then they have been in years. John Eskilson is working on that very actively right now. It would seem that it would be an obvious answer to helping with potential buyers for the Borough's sewer allocation.

Mayor Parrott directed Mr. Ursin to set up a meeting with John Eskilson and the County. The transmission line runs right down Route 23.

Mr. LaBar stated that as it stands right now it looks like it will be about a 40% increase.

Ms. Mantell stated that she has tried to give the Council as much information as she possibly could so that they could gain a perspective on the rates over the years. It spreads the increase over two years but it is still not palatable.

Mr. LaBar stated that we already have collection problems.

Mrs. Gleason stated that our collection rates are very good.

Ms. Mantell stated that she did include the existing billable rate for High Ridge but she also made a note that in past studies she always put what we were going to bill assuming that we were going to collect it all. We know that is not happening so on the sewer side she estimated 90% collection rate which is attributable to not collecting anything from High Ridge. She also stated that in 2008 we went over in our allowable flow to SCMUA in February, March and December. Most months we were very low but the average is around 200,000 gallons a day. In 2009 the flow exceeded the allowance in June and December. In 2010, through June, we went over in March.

Mr. Fransen stated there is nothing the town or towns collectively can do to go after the MUA to redesign the entire process. If we are staying under our minimum nine or ten months out of the year then why don't they give us credit for that.

Mr. Ursin stated that it is contractual and that the Borough agreed to it. Every town has a different contract and those were the terms agreed to by the Borough at that time. The contract is forever.

Mr. Meyer stated that we are paying \$200,000 in sewer fees then we are actually using based on the allocation on an annual basis. Then we are charged anything over even though we haven't even sent down the minimal amount and a fine on top of it. We are paying for sewer that we are not even using.

Mr. Fransen asked if we can redo the contract.

Mayor Parrott stated that it is getting to the point where we can't afford to pay it any more and something is going to have to happen.

Mr. Ursin stated that the problem is that under no sewer contract with the MUA are we ever going to be using 100% of the allocation. A buffer is always required to account for variations. The fact that the Borough isn't using 100% isn't meaningful, the fact that we are using substantially below what would be the norm is meaningful. The other thing is that one of the reasons that the town has not gotten any relief from SCMUA is the I & I problem that has been here for so many years and not addressed. That is the first thing that SCMUA will point out. It is not their pipes that are leaking.

Mayor Parrott stated that is what we hope to address in the spring when we begin the I & I project. Then we will have a much better argument with SCMUA. We can't keep putting out fires. We have to try to fix the problem so that we can deal with SCMUA.

Mr. Ursin stated that then the Borough will be able to hook up more customers. Whether or not we can restructure the agreement is an unknown variable. The more customers the more efficient the system will be. The cost can then be spread across more people.

Resolution #2010-69R – 2010 Budget Amendment - Utility

Mr. Meyer made a motion to adopt Resolution #2010-69R – Amendment to 2010 Utility Budget. Seconded by Mr. LaBar.

Upon roll call vote:

Ayes: LaBar

Nays: Fransen, Little, Meyer, Rose Absent: Dykstra Abstentions: None

Mr. Ursin stated that since it didn't pass the water/sewer system will operate at a deficit and he presumes that eventually the State will have something to say about that.

Mr. Rome stated that now we cannot adopt our 2010 budget which means that we can not send out tax bills, which means we run out of money, which means that the Borough can not operate. The State will come in and do it for us.

Mayor Parrott asked if everyone realized the consequences of their vote when they voted no.

Mr. Meyer asked if the vote could be taken again and Mr. Ursin responded that a resolution can always be reconsidered.

Ms. Mantell stated that the amendment of the budget is critical because that is what the Division of Local Government Services is looking for. They are also looking that a rate increase is put in effect that will support calculations that were made to revenue to support the utility.

Mr. Rome stated that the rate increase ordinance has to be in place before they allow us to adopt the budget but the order in which things are adopted doesn't really matter. The overall dollar amount of the budget is not changing. It is just a matter of where the revenue sources are coming from. The only other option would be to cut things out of the budget but that is impossible to cut things out of the budget because 95% of the budget is contractual items that we have already agreed to and already paid over 75% of the contract out this year, such as SCMUA, United Water, debt service payments. Mr. Rome stated that if we don't meet our debt service payments then we will be in default and right now it is a good \$700,000 of the budget. SCMUA is hitting us for \$800,000 this year.

Mr. Ursin stated that there are consequences to defaulting on payments, such as credit rating and the ability to borrow in the future.

Mr. Rome stated that if we default on our debt service payments the State will be in here in no time knocking on the door. The Governing Body would no longer have any control over the municipality. The State will come in and take over the town.

Mrs. Little stated that we really don't have any choice then over what we can do. So as a Council we have no power over what to do to help the people of the town.

Mr. Rome stated that the only thing to do right now to help the residents would be to put the rates in place that are needed to fund the system.

Mrs. Little stated that is not going to help the people who have to pay the bills.

Mr. Rome stated that he understands that but if we have a system in place we have to be able to pay for it.

Mrs. Little stated that the people have to worry about keeping their homes.

Mr. Rome stated that he understands that completely but that the budget that we need to operate this system right now does not have sufficient revenue to run the system. So basically we will be in default if we don't do the budget the way that it is stated.

Mr. Rose asked if we just found this out last week.

Mr. Rome stated that we have known this for the last several years.

Mr. Rose asked why he didn't know it then and why did he only get the rate study last week.

Mr. Rome stated that he couldn't answer that and Mr. Rose stated that Sam is the CFO and should be able to answer it.

Mr. Rome stated that he did not do the rate study but that we knew that we had an issue with the budget because we anticipated increasing the rate at that time. The Council all voted on it and were aware of it. Everyone knows that there has been a problem with this utility for several years. We have cut the budget and we have tried to get the rates in where they would fit. Unfortunately it has not worked out. The biggest problem is High Ridge. They are into us for almost \$300,000. If they came in and paid tomorrow we would be able to fund the budget and put money back into the surplus. But it is not there.

Mr. Rose asked if it was a surprise that they didn't pay and Mr. Rome said absolutely not. Mr. Rose asked why then didn't we take care of this earlier.

Mr. Rome stated that he is only putting the numbers together. He is not the legal team – they have been working on High Ridge and it has not gotten resolved in ten years. It has been a constant problem.

Ms. Mantell stated that this year we know that the MUA came in \$200,000 higher than it was before. We had the loans and she did not want to come to the Council with a rate increase until she could substantiate it every way, shape and form because she has been in front of this council before, and everyone is so hard working and they do not want to increase anything for the residents and she respects that. So she was looking at the collections and wondering how short we were going to be. Even with this study and having Sam post the ledger through September, and with the \$45,000 from the Clove Hill settlement, she wanted to post the worst case scenario. She hopes that we are going to be that much better though. She accepted complete responsibility for getting it to the Council so late. She waited until June to see where we were and then she had a few setbacks and wasn't able to get it to us sooner than this. She would have liked to have gotten it to the Council four to six weeks earlier and she just couldn't. She apologized again.

Mr. Meyer stated that we have a plan to address the I & I and bring it under control so hopefully we will be in a position to add new users to the sewer system. Unfortunately we are in a position where we are going to have to raise these rates or we won't be able to accomplish the plan which will ultimately bring some relief to the Borough residents.

Ms. Mantell stated that she has never been asked to look at how the rate has been structured with regard to the users but that if we introduce this now she will immediately get on to how the apartment complexes are being billed and how that can be revamped so that the rate can be changed again and perhaps be spread over more users. She is completely sensitive to that and if that is an option she would like to sit with everyone who knows something about that to work out a way of doing that.

Mr. Meyer made a motion to reintroduce the adoption of Resolution #2010-69R – Amendment to 2010 Utility Budget. Seconded by Mr. LaBar.

Mr. LaBar asked if this amendment is connected to the rate increase.

Ms. Mantell stated that it is connected because we have to substantiate to the State how we are going to produce the revenue that we anticipated in the budget. We anticipate \$1,515,000 in rents because that is what we collected in the prior year and that is what they allow us to do. We went back and looked at where we stood at the end of September and what we can reasonably expect to collect in October, November and December. We should end up with 1.7 million. To balance the budget we had additional rents from the rent increase of \$380,000 and we had additional revenue that we didn't project when the budget was introduced. We are telling the State that \$200,000 of the rate increase has already been realized from the rate increase in the last quarter of 2009 through 2010 and that this proposed increase will produce the other \$116,000 of revenue that we need to support the budget for 2010.

Upon roll call vote:

Ayes: Fransen, LaBar, Meyer

Nays: Little, Rose Absent: Dykstra Abstentions: None

Mrs. Gleason stated that it did not pass since four affirmative votes are needed to adopt the budget amendment resolution.

Mr. Fransen asked if we get this passed are we going to go through this same process again next year and have to tell the residents in September or October of next year that we are going to have to raise their rates again. Last year was 20% and this year now it is 40% and it is ridiculous. Eventually we are not going to have anyone left in town to pay the bill to SCMUA. We are going to go bankrupt anyway.

Mayor Parrott stated that hopefully we will eliminate it when we fix the I & I problem. We all know where the problem is.

Mrs. Gleason stated that it is unfortunate that this Council is the one who has to do it when Councils in years past did not take care of the problem.

Mayor Parrott stated that we are now having to take care of things that were never taken care of before. The videos of the leak problems sat in the basement for two years with no one even looking at them. We did the hard job of getting it in place to fix the problems and why we are paying the high rates to SCMUA in the last few years. This year was another year to have to bite the bullet because it took this long to get the monies in place and get ready to go out to bid.

Mrs. Gleason stated that we will not be able to move forward with that project now however since we will not be able to pass the budget.

Mrs. Little stated that she agrees with Mr. Fransen.

Mayor Parrott stated that it is easy to say that this is outrageous. It is outrageous for everyone to have to pay it but we have to fix the problem and the only way to fix the problem is to put money into the system.

Mrs. Little stated that we have been told this year after year and we were told there would be no increases if we take care of it now. She has heard this for almost twenty years.

Mr. LaBar stated that it has not been taken care of.

Mrs. Little asked why this is going to be any different this time.

Mayor Parrott stated that this is the first time that money has been put into I & I in many years, if ever. This Council finally decided to step up to the plate and try to fix the problem that has been caused by years and years of neglect. We have allowed clear water to be processed by SCMUA at a huge cost.

Mrs. Little stated that she doesn't agree that nothing was done. Maybe not enough was done. It is alright for the Mayor to sit there and blame all the past administrations for everything that happens in this town.

Mayor Parrott stated that he never remembers anything other than a little fogging being done, blowing smoke and finding a few holes. He doesn't remember roads being dug up.

Mrs. Little stated that there were areas that were done.

Mr. Meyer stated that there may have been areas that were done but obviously based on all of the flow that we are sending down to SCMUA on a given day in a rain storm, it was insufficient.

Mrs. Little agreed with that part but she doesn't like the idea of saying that nothing was done.

Mr. Meyer stated that over the last few years we have been spending \$200,000 extra a year in the contractual obligation. That is \$2,000,000 which would have repaired the problem years ago and no one addressed it.

Mayor Parrott stated that he would like to hear from the people who voted no what their idea is moving forward with this now. Are we just going to tell the State to take over the running of the town? He doesn't think that they are seeing past the end of their noses as far as looking at the future of the town.

Mrs. Little stated that she is concerned about the residents of the Borough.

Mayor Parrott stated that she is so concerned about the residents but she will allow the running of the town go completely out of control.

Mrs. Little stated that she doesn't know why there couldn't have been something else done with the budgets.

Mayor Parrott stated that we are talking about what the problem is now, not what was not done in the past. We are talking about the future of the town here. Mrs. Little does not seem to realize the consequences of what Sam is saying is going to happen if we don't get this amendment passed tonight.

Mrs. Little stated that she doesn't like doing it because she disagrees with a lot of what is being said, more could have been done to help out the town but she will change her vote to a yes just to get this budget through. But she is telling everyone that she doesn't want to hear the same thing next year.

Mr. Rose wanted to know about the cost re-amortizing this across the users. We heard from Ed that there are 1200 CO's.

Ms. Mantell stated that she would be happy to do this immediately.

Mr. Rose asked if we could have this information in a week and do this all at once.

Ms. Mantell stated that we would have to have a meeting but she doesn't think it could be done in a week.

Mrs. Little asked if it would change anything.

Ms. Mantell stated that it would give us the opportunity to spread the cost over more users.

Mr. Ursin stated it will not change the budget. He understands that Jonathan is talking about the rate increase ordinance that is coming up in the agenda.

Mr. Rose stated that he appreciates that but we are at an impasse and it is an opportunity to get the whole issue taken care of and come to a resolution. In one week's time we can approve the rate and adjust the billing procedures.

Mr. Ursin stated that it is an ordinance and won't be adopted tonight anyway.

Mrs. Gleason stated that it would take the whole ordinance to be restructured and it can't be done in one week.

Mr. Rome also stated that the entire utility billing system would have to be restructured as well.

Mr. Ursin stated that since we are in the fourth quarter isn't the deadline to have what ever we wanted to change in place by the first of the year.

Mrs. Gleason stated that when it comes to the utility billing however we are currently in the first quarter of 2011. We just started this quarter.

Mr. Ursin stated that if this Council wants to undertake the issue of how we are spreading the rates, how the EDU's are calculated and how households are identified then the operative date would be to do whatever study needs to be done but to get the operative ordinances in place so that they are passed, adopted and became law by December 31, 2010.

Ms. Mantell stated that what she is saying is that she understands that no one is happy with this situation but that we put this in place and change it as quickly as we can.

Mayor Parrott stated that is what we are going to do anyway.

Ms. Mantell stated that it can't be done before the end of the year.

Mr. Rose stated that his rate will not hit until April of next year.

Mrs. Gleason stated that this rate goes into effect on the date that is on the ordinance.

Mr. Ursin asked if the budget that is before the Council was calculated with that rate structure having a date of when?

Mrs. Gleason stated that the effective date is July 1, 2010.

Ms. Mantell stated that it is effective the date that the rate goes into effect which would be the next billing.

Mr. Rose stated that we can't do a rate change in the middle of the quarter and that we could get sued. We have tried to do this before.

Mr. Rose asked if we would have to read the meters again.

Mrs. Gleason stated that we just read the meters and that the bills are scheduled to go out next week at the old rate.

Mr. Rose stated that they have to go out at the old rate. We can not retroactively change the date.

Mrs. Gleason agreed.

Mr. Rome stated that once the ordinance is put in place we can take another reading later on in December and bill for those last few days.

Mayor Parrott stated that we can possibly have the new billing in effect at the beginning of the year.

Mr. Ursin stated that once we have the raw data then the ordinance can be drawn up relatively quickly. The Council can come up with a formula to base the rates on. There are many different formulas and they vary greatly.

Mr. Rome stated that the total budget is not going to change. All we are doing is redistributing where the amounts are placed.

Mr. Rose stated that the second issue is the effective date of this ordinance. Was the thought process to bill this last billing at these new rates for water that has already been used? He believes that we have a major problem with this issue.

Mr. Ursin stated that the ordinance increasing the rates and this amendment are interrelated and the calculation supporting the amendment are calculated on the ordinance having a effective date of July 1st. Mr. Ursin stated that he would recommend directly to the Council that we do not make the rate increase retroactive to July 1st. Whether or not the Council makes it retroactive to October 1st is more of a discretionary item and more about the public having notice. He stated he will not mince his words, however, on July 1st.

Mayor Parrott stated that we have been through this before and he stated that the Council does not want to bill retroactively. He gave an example of a laundromat that would have been able to increase its fees if they had known that the rates were increased.

Mr. Rose stated that he does not want to retroactively bill the residents for water that they have already used.

Ms. Mantell stated that if this does not go into effect for this billing then it means that we would not realize the \$116,000 in revenue that she projected that the rate increase would produce.

Mr. Ursin stated more important than what quarter we are calling it is when the money is actually received.

Mrs. Gleason stated that we will not receive the money at all in 2010 if the rate increase goes into effect October 1st.

Mr. Ursin stated that we will still have a deficit then.

Mr. Rose stated that to adopt the ordinance as is would be illegal and it will be challenged.

Ms. Mantell stated that she can't get her head around the date issue and that she has had the same conversation many times regarding the rate increase issue. The Division of Local Government Services just wants to see the increase adopted and in their mind we have done what we have had to do and it is fair game. We would just be billing the increase in the next billing. So we would authorize the ordinance, the increase is effective and then the next billing that we send out would be at that rate because that rate is in effect.

Mrs. Gleason stated that we all understand that but then we are going to be short in 2010.

Ms. Mantell stated that if we don't include it in the next bill then we will be short.

Mrs. Gleason stated that the bills are going out next week at the old rate.

Mr. Ursin asked if this now brings us to a discussion on how to finance the deficit.

Ms. Mantell stated that the greater issue is getting the Division to approve the budget. They want to see that a rate increase has been approved. She stated that she doesn't know if they will know exactly when the Borough is putting it in effect.

Mrs. Gleason stated that she does not think that is the issue. The issue is how are we going to make up the money this year.

Ms. Mantell stated that in her original projection she did project that there would be a deficit. There has been additional information that has been more positive than this that could make the deficit be less. We may wind up with a \$50,000 deficit instead of \$100,000. We need to be able to demonstrate for the Division that we have put forth the rate increase and we have projected the budget revenue based on certifiable calculations and then if that rate doesn't go in we have certified that before. We have done this before when the Council has chosen not to bill retroactively.

Mayor Parrott stated that we can put that to bed for the future that we never want to bill the residents retroactively. The Council has made that perfectly clear. We always want it going forward.

Mrs. Gleason asked Mr. Rome if we are \$50,000 short then what do we do.

Ms. Mantell stated that we will raise it in 2011.

Mrs. Gleason asked what then we do to pay our bills until the end of the year.

Mr. Rome stated that we can take out a note to cover that, like a revenue anticipation note to cover the deficit.

Mrs. Gleason stated then that is what we are going to have to do. We can talk about this for ever.

Mr. Rome stated it is similar to what is done for taxes. If we hadn't done the estimated bills in June then we would have had to do a tax revenue anticipation not just in order to operate the town. We will borrow the money to pay it and paying interest on the money just to operate.

Mr. Rose stated that we will still be short next year then.

Ms. Mantell stated that she doesn't think so because she is being very conservative. The revenue we would collect if we did it this billing would be \$116,000 this year.

Mr. Rose stated that he is afraid that this rate increase will not be enough then if it doesn't go into effect on July 1st.

Mrs. Gleason stated she agrees because we will have to raise more money over less quarters.

Ms. Mantell stated she needs to take a better look at it before she says that.

Mayor Parrott asked Ms. Mantell what options we have now. She stated that in her heart she wants to say that we will be ok, that there are things that will come out in our favor but she doesn't know for sure without taking a closer look at it.

Mr. Meyer stated that perhaps we can move forward with the agenda to give Ms. Mantell and the CFO time to review the numbers.

CONSENT AGENDA

Mayor Parrott requested that all persons present review the consent agenda and offer any comments they may have at this time regarding the consent agenda.

Mr. Meyer made a motion to accept the consent agenda of October 5, 2010. Seconded by Mr. Rose.

CORRESPONDENCE (ACCEPTANCE FOR FILING ONLY OF THE FOLLOWING):

1. Memo dated September 20, 2009 from Donna M. Traylor Director SC Office of Farmland Preservation to Sussex County Municipal Clerks regarding update to County Farmland Planning Incentive Grant.
2. Letter dated September 9, 2010 from Elaine Morgan, Clerk of the Board, to Mr. Robert Hilzer, NJDCA regarding Adoption of updated local rules, checklists and application forms for the Sussex County Uniform Construction Code Board of Appeals.
3. Letter dated September 21, 2010 from Yacoub Yacoub, Bureau Chief of Northern Field Operations to Leo Moore regarding remedial action of 550 gallon #2 heating oil tank.

REPORTS (ACCEPTANCE FOR FILING OF THE FOLLOWING):

1. August 2010 Construction Reports.
2. August 2010 Court Reports.

APPLICATIONS (APPROVAL OF THE FOLLOWING):

1. NJ State Firemen's Association application from Nicholas M. Giamanco for the Sussex Fire Department.

RESOLUTIONS: (APPROVAL OF THE FOLLOWING):

1. Payment of bills for the meeting of October 5, 2010.

Upon roll call vote:

Ayes: Fransen, LaBar, Little, Meyer, Rose

Nays: None Absent: Dykstra Abstentions: None

OPEN PUBLIC SESSION #1

Mr. Fransen made a motion to open the meeting to the public for anyone wishing to address the Governing Body. Seconded by Mr. LaBar. All were in favor.

There being no one present who wished to address the Governing Body, Mr. Fransen made a motion to close the meeting to the public, seconded by Mrs. Little. All were in favor.

COMMITTEE REPORTS

Mr. Rose stated that the Harvest Festival is coming up on the 17th. It is going to be the same size this year as it was last year. The merchants have not had a meeting in a while and they were going to be in charge of getting the vendors together. As of now there are not going to be any vendors. There is only one more event left this year, the Holiday Tree lighting.

Mr. LaBar reported that the Sussex Fire Department received six trophies at the County parade this year.

Mayor Parrott reported that there was an opening on the SCMUA board and that someone from Wantage was chosen. He would like to see someone from Sussex get on the Board.

The mayor also reported that he left a message with Sue Zellman about the proposed repaving of Route 23 and the concern that they are going to repave it next year and then have to tear it up when they do the realignment. Hopefully she can speak to the DOT regarding the project and let them know our concerns. The Mayor also stated that he spoke with the judge regarding the Interlocal court agreement and that the judge was going to get us the percentage of cases that actually belong to Sussex Borough so that we can better judge the cost of the agreement.

OLD BUSINESS

Mr. Meyer asked if the Maple Avenue drainage issue has been resolved.

Mayor Parrott responded that the contractor has come up and lowered the drain that was causing the problem and there hasn't been any problem down at the bottom of Maple since we fixed the driveway. We are monitoring it when ever it rains.

Mrs. Gleason stated that Harold Pellow said that it was ok to release the money to the contractor.

NEW BUSINESS

Approval of Meeting Minutes

Mr. LaBar made a motion to approve the meeting minutes of the Regular Meeting and Executive Session held on September 21, 2010. Seconded by Mr. Rose.

Upon roll call vote:

Ayes: Fransen, LaBar, Little, Meyer, Rose

Nays: None Absent: Dykstra Abstentions: None

Adoption Ordinance #2010-16 – No Parking

Mr. Rose made a motion to adopt an ordinance entitled "AN ORDINANCE TO AMEND CHAPTER 9, SCHEDULE I, NO PARKING, OF THE CODE OF THE BOROUGH OF SUSSEX". Seconded by Mr. Meyer.

Mrs. Gleason stated that Church Street was added in as was requested at the last meeting.

Before final roll call Mayor Parrott opened the meeting to the public for any questions or concerns that they may have regarding Ordinance #2010-16.

Mr. Daniel DeGroat, 18 Church Street, addressed the Council regarding the no parking on Church Street. He stated that he would prefer to have parking allowed but if there wasn't that the town put up signs to slow the cars down.

Ms. Sherry Moran, 14 Church Street, asked the Council to reconsider and allow parking on Church since she has no where to park where she lives.

There being no one else from the public who wished to address the Governing Body regarding Ordinance #2010-16, Mayor Parrott closed the meeting to the public and returned to the regular order of business.

After discussion the Council agreed to take the reference to no parking on Church Street out of this ordinance and continue to allow parking on one side of the street.

Mr. LaBar made a motion to amend Ordinance #2010-16 to delete the reference to Church Street. Seconded by Mr. Fransen.

Upon roll call vote:

Ayes: Fransen, LaBar, Little, Meyer, Rose

Nays: None Absent: Dykstra Abstentions: None

Resolution #2010-67R – Health Benefits Stipend

Mr. Meyer made a motion to adopt a resolution adopting a Chapter 125 Plan regarding stipends for health benefits. Seconded by Mr. Rose.

Mr. Ursin explained that this ordinance was recommended by the CFO since some of the town employees get stipends instead of taking the health benefits. If we didn't adopt this resolution then part of the health benefits that are received by the employees would be taxable.

Upon roll call vote:

Ayes: Fransen, LaBar, Little, Meyer, Rose

Nays: None Absent: Dykstra Abstentions: None

Introduction Ordinance #2010-17 – Sale of Block 301.08, Lot 68

Mr. Fransen made a motion to introduce an ordinance entitled "AN ORDINANCE OF THE BOROUGH OF SUSSEX, COUNTY OF SUSSEX, STATE OF NEW JERSEY AUTHORIZING THE SALE OF CERTAIN PROPERTY OWNED BY THE BOROUGH AND NOT REQUIRED FOR PUBLIC PURPOSES AND MORE COMMONLY KNOWN AS BLOCK 301.08, LOT 68. Seconded by Mr. LaBar.

Upon roll call vote:

Ayes: Fransen, LaBar, Little, Meyer, Rose

Nays: None Absent: Dykstra Abstentions: None

READING: OCTOBER 19, 2010

Discussion regarding Hepatitis B Inoculations.

At this time a discussion took place regarding hepatitis b inoculations.

Mr. Rose made a motion to appoint Catherine Gleason as the liaison who will be responsible for preparing and submitting an application to the Division of Epidemiology, Environmental and Occupational Health on behalf of all emergency services personnel within the jurisdiction of Sussex Borough. Seconded by Mr. LaBar.

Upon roll call vote:

Ayes: Fransen, LaBar, Little, Meyer, Rose

Nays: None Absent: Dykstra Abstentions: None

Request to Close Main Street – October 17, 2010

Mr. Fransen made a motion to approve a request from the Recreation Commission to close a section of Main Street on October 17, 2010 pending approval of the DPW and the State Police. Seconded by Mr. LaBar.

Upon roll call vote:

Ayes: Fransen, LaBar, Little, Meyer, Rose

Nays: None Absent: Dykstra Abstentions: None

Mr. Rose made a motion to adjourn the meeting for a 10 minute recess. Seconded by Mr. LaBar. All were in favor.

After a 10 minute recess, the Council returned to their seat at 9:46pm and continued with the agenda.

Ms. Mantell once again addressed the Council regarding the amendment and the rate increase. She stated that she wanted to be able to do the calculations before she told the Council what

could happen. The bottom line is that at looking at the combined operations and what she is projecting and what she is stating to the Division of Local Government Services is that we can reasonably say that we will collect from sewer rents \$1,712,000.00. On the combined analysis she had anticipated \$1,808,000. That leaves us with a \$96,000 reduction. The miscellaneous revenues were estimated at \$20,000 and are now going up to \$65,000 so she has changed the revenue by \$51,000 decrease. If the SCMUA increase is only 2% then they might offset each other. The bottom line is that for the sewer fee, going from \$180 a quarter to \$300, it should be enough of an increase. The rate has not been set yet for the I & I loan so it was hard to calculate that in. There should be an additional 70 to 80 thousand dollars in debt service that will be added on each year. It is a 20 year term.

Mr. Rose stated that debt service would add about \$25 a quarter to the rate.

Ms. Mantell stated that if we don't put the rate increase in effect for the billing this time she thinks that we will be short about \$158,000 in 2010 which will have to be raised in 2011. Since we don't know what the debt service payments are going to be and we don't know yet what the SCMUA increase is going to be we are not really sure where we are going to be next year or in 2012.

Ms. Mantell stated that if this is the rate increase the Council adopts and then we try to increase the number of units that we bill then we will be able to look at adopting a new rate that reflects the increase in billable users.

Mayor Parrott asked if to cover the short fall in revenue they plan on taking a loan.

Mr. Rome started that yes they would probably have to do that to cover us at least until the first of the year.

Resolution #2010-69R – 2010 Budget Amendment - Utility

Mr. Meyer made a motion to reintroduce the adoption of Resolution #2010-69R – Amendment to 2010 Utility Budget. Seconded by Mr. LaBar.

Upon roll call vote:

Ayes: Fransen, LaBar, Little, Meyer, Rose

Nays: None Absent: Dykstra Abstentions: None

Introduction Ordinance #2010-19 – Water/Sewer Rates

Mr. Meyer made a motion to introduce an ordinance entitled "AN ORDINANCE TO AMEND SECTION 24 OF THE ORDINANCES OF THE BOROUGH OF SUSSEX ESTABLISHING FEES", as written. Seconded by Mr. LaBar.

Mr. Meyer made a motion to amend his original motion to introduce Ordinance #2010-19 to change the effective date of the rate increase from July 1, 2010 to October 1, 2010. Seconded by Mr. LaBar.

Upon roll call vote:

Ayes: Fransen, LaBar, Little, Meyer, Rose

Nays: None Absent: Dykstra Abstentions: None

OPEN PUBLIC SESSION #2

Mr. LaBar made a motion to open the meeting to the public for anyone wishing to address the Governing Body. Seconded by Mr. Meyer. All were in favor.

There being no one present who wished to address the Governing Body, Mr. LaBar made a motion to close the meeting to the public. Seconded by Mr. Meyer. All were in favor.

EXECUTIVE SESSION

In accordance with the provisions of the Open Public Meetings Act, Mr. LaBar made a motion to adjourn into closed executive session to discuss the High Ridge litigation. Motion seconded by Mr. Fransen.

Upon roll call vote:

Ayes: Fransen, LaBar, Little, Meyer, Rose

Nays: None Absent: Dykstra Abstentions: None

After meeting in closed session, the Governing Body returned to their seats at 10:50 p.m. and Mr. Meyer made a motion to reconvene into open public session. Seconded by Mr. LaBar. All were in favor.

MISCELLANEOUS COMMENTS

ADJOURNMENT

There being no further items for discussion by the Mayor and Council, Mr. LaBar made a motion to adjourn the meeting, seconded by Mr. Rose. All were in favor.

Christian Parrott, Mayor

Catherine Gleason, RMC