

WANAQUE VALLEY REGIONAL SEWERAGE AUTHORITY

INTERIM EXECUTIVE DIRECTOR'S REPORT

For the meeting of

April 27, 2016

LONG RANGE PLANNING

Our next meeting is Monday May 4 at 5 p.m. I have attached a working list of draft goals based upon the discussion of the April 4 meeting.

OXIDATION DITCH CLEANING FUNDS

The Authority currently has approximately \$34,000 set aside for cleaning of the plant's three oxidation ditches. *(Up until January of this year the funds were invested in a Highlands Bank Certificate of Deposit. The CD was not rolled over when it came due in January in anticipation of the possible need for funds this spring. Funds are currently in the Valley National operation account.)* We are seeking authorization to utilize these funds, at this time, given the draining of the tanks that will occur in May as part of the ongoing capital improvement project. Ditch cleaning was originally contemplated as part of the overall plant project but was removed from the bid specification as a cost cutting measure.

The ditches were last cleaned approximately five years ago. Failure to clean for an extended period of time has the effect of reducing the volume capacity of the ditch. We have secured unit cost estimates (cost per cubic yard of material removed) which will be forwarded separately. Since we cannot estimate the total volume of material, we are suggesting that authorization be granted for up to \$30,000.

NJEIT LOAN

An escrow closing was held yesterday, April 21, with all paperwork including bonds, loan agreements, legal opinions, escrow agreement and various certifications, signed and placed in escrow with the NJEIT's escrow agent. The NJEIT will go through a similar process with the many other borrowers and then will sell its own bonds to fund the borrower loans on or about May 10. At that time we will know final interest rates and loan amounts. Final closing is scheduled for May 26.

At the moment, we are expecting a 0% loan of approximately \$3,054,476 (of which \$248,307 will be “principal forgiveness” – that is, in effect, a grant) and a market interest rate loan of approximately \$1,058,885 (the current market interest rate would likely be under 3.5%). Thus, the total borrowing is expected to be in the neighborhood of (a) \$4,113,361 before principal forgiveness and (b) \$3,865,054 after principal forgiveness (there will be certain small add-ons for capitalized interest and State fees). The \$4,113,361 borrowed amount will be used on May 26 to pay off the Authority's \$4,072,635 interim loan with the Program dated June 26, 2015 and to pay a DEP fee of \$40,726.

At this point, it is expected that some additional funds will be needed to complete the project. Programmatic rules do not allow the NJEIT to make a larger permanent loan in this round of funding. The Program has indicated that an interim loan for the additional funds will be available and that such interim loan should be eligible for permanent financing in the next funding cycle (which the Program expects to be either this November or next May). We will be working with Authority professionals and staff over the next few weeks to determine final projected figures.

PURCHASE OF TEMPORARY AERATION SYSTEM

In accordance with previous discussion of the Board of Commissioners, we have secured an estimate of \$45,000 for the purchase of the temporary aeration blower system installed by Coppola Services as part of the plant upgrade project. Project specs call for Coppola to remove the temporary system from the WVRSA facility upon project completion. The cost of the system, as part of the overall project cost, was approximately \$86,000 (cost was included as part of the larger \$700K lump sum costs of new aeration systems). The purchase of the units would provide the authority with supplemental aeration capacity during warm weather months.

DASHBOARD REPORTS

ODOR COMPLAINTS

A total of five complaints have been received since the March meeting. A summary table with email backup is attached.

SEPTAGE HAULER MONTHLY REPORT

Overall revenue remains up slightly (2.7% or \$10K) over the same period last year. Revenue from our largest two haulers, Zuidema and Coppola, continues to trail last year's figures (25% or \$33K for Zuidema; 14.7% or \$5.8K for Coppola). Of additional concern is the month over month drop in revenue from All County (drop of \$3,700 or 28% from February to March).

The complete table and related charts are attached for your reference.

UTILITY TRACK MONTHLY REPORT

Plant electric consumption continues to run well ahead of last year's levels. Year to date (fiscal year) consumption has increased 33% over the same period last year with the largest increases coming in the period of December through March.

Boswell Engineering has theorized that the increased costs may be attributed to several factors including

- The installation of electric unit heaters as part of the plant upgrade project. Consumption may have jumped even more dramatically with construction in progress resulting doors in heated areas being open during the winter months.
- Blowers for the temporary aeration units.
- The higher capacity of new equipment installed (although this is somewhat offset by higher efficiencies).

We will continue to monitor as the warm weather approaches. The complete table and related charts are attached for your reference.

BANK RECONCILIATION MONTHLY REPORT

Closing balance for March of cash on hand is down approximately \$900K from the February close. This can be largely attributed to the payment of bills associated with the plant upgrade project.

The summary table is attached for your reference

CANNING REPORT RECOMMENDATIONS TRACKING

No change from February. Table attached for your reference.

OVERTIME MONTHLY REPORT

I'm adding a monthly overtime tracking report to the dashboard report (attached for your reference). To date overtime is within budget and tracking at a 2.3% reduction over the same period last year.

PLANT DATA MONTHLY REPORT

I'm also adding a monthly flow report to the dashboard report (attached for your reference). Please note that flows are up slightly (3%) over the same period last year but well within permitted capacity.

A chart of monthly rainfall for North Jersey is also included as part of this report.