

**TOWNSHIP OF PARIPPANY-TROY HILLS
TOWNSHIP COUNCIL SPECIAL MEETING**

Tuesday, September 18, 2007

Public Invited with Public Participation

MEETING CALLED TO ORDER by Council President Agostini at 6:00 p.m.

Roll Call:	Mr. Cesaro	-	Present
	Mr. dePierro	-	Present
	Mrs. Grossi	-	Present
	Mr. Vigilante	-	Present (at 6:18 p.m.)
	Mrs. Agostini	-	Present

OTHERS PRESENT: Mayor Luther; J. Lim, Business Administrator; J. Verrone, Esq., Township Attorney (at 7:38 p.m.); R. Strechay, Director, Department of Municipal Utilities; P. Bober, Acting Sewer Superintendent; F. Lorito, Assistant Sewer Superintendent; J. Silver, Township Clerk

The agenda of this meeting, to the extent known, is as follows:

Review and Discussion of Sewer Utility Operations

FORMAL ACTION MAY OR MAY NOT BE TAKEN.

Adequate notice of this meeting has been provided in accordance with the requirements of the Open Public Meetings Law by filing the notice in the Office of the Township Clerk and by posting the meeting notice on the bulletin board at the Municipal Building on August 1, 2007 where it has remained posted since that date. Copies of this notice were mailed by fax to The Daily Record, The Star Ledger and various other newspapers and local radio stations on August 1, 2007.

MOTION TO ADJOURN: Ms. Grossi **SECONDED BY: Mr. Cesaro**

Roll Call:	Mr. Cesaro	-	Yes
	Mr. dePierro	-	Yes
	Mrs. Grossi	-	Yes
	Mr. Vigilante	-	Yes
	Mrs. Agostini	-	Yes

MEETING ADJOURNED: 7:35 p.m.

Mr. Bober, Acting Sewer Superintendent, provided an overview of all of the major decisions that the Treatment Plant will be facing in the near term and some of the problems faced now. He described how nature treats the wastewater in order to explain the Plant's current design and he provided a few good alternatives as to what the Township may consider as a replacement for the Plant and recommendations as to how to proceed.

He noted that if we look at the decisions we have to face, any problem that we have or any regulation coming up can be divided into three areas:

- (1) Do we restart our incinerators again or do we shut them down permanently?
- (2) Do we continue our waste acceptance business as a way to obtain additional revenues or, because of our current situation, do we stop it?
- (3) Do we redesign our waste treatment facility using the existing tankage or should we keep it as is and update it to new "permit tasks"?

He noted that, when this facility was built, it was envisioned that the Township would be receiving a lot of additional flow. While it was designed for 16 mgd, when the incinerators were built, they were built for an amount of wastewater approximately twice as large. Our Plant alone cannot generate enough material to make the incinerator operation something that is efficient. The way we are structured we would have to start and stop the incinerators; to heat them and cool them. Not only is this a poor way to operate them, but within about a year's time, it would be death to the incinerator. What we have done over the years is to rely on the waste acceptance business to give us the additional material to keep the incinerators operating. What's happening now is that Parsippany is beginning to find itself no longer competitive in the waste acceptance business. Other entities have gone into this business in a huge way and they are able to offer services that we are not set up to offer; their unit prices are dropping. We can't drop our prices much lower because we have the cost of incineration. Because of this, most of our business has gone to other entities. If we try to upgrade our incinerators right now, we would spend quite a bit of capital doing so, but we don't have any kind of guarantee that we are going to get a long term commitment out of customers.

By means of a slide presentation (a copy of which is on file in the Office of the Township Clerk as part of these minutes), Mr. Bober illustrated the following:

- (1) Parsippany-Troy Hills Waste Acceptance Business Statistics;
- (2) Incinerator Shutdown vs. Startup Alternative Costs;
- (3) Wastewater Plant Concerns;
- (4) Past Electrical Costs per Month for the Four Largest Plants in the Passaic River Basin;
- (5) Future Regulatory Issues to Deal with by Parsippany-Troy Hills Treatment Plant
- (6) Estimated Phosphorus Removal Costs Given to DEP;
- (7) General Removal Concepts of Advanced Wastewater Treatment Plants;
- (8) Current Plant Process; and
- (9) Possible Future Process Scheme.

Mr. Bober questioned do we rebuild this facility or do we spend money to upgrade the Plant to remove phosphorus at an estimated cost of \$7.5 to \$11.5 million and then spend three quarters of a million to \$1.6 million a year in order to operate and maintain the system. The current facility, per Mr. Bober, was not built to remove phosphorus. The regulations for phosphorous will start as early as two years from now. He further questioned whether we will get our business back and, if we are going to operate the incinerators, how to charge. He commented that this is probably a task we don't want to start, but he wouldn't throw it away yet either.

Mr. Bober outlined the recommendations for the next year (short-term) as follows:

- Keep incinerators off line, but retain our Air Pollution Permit.
- Do a Phase I RFP on Plant redesign to accomplish the following:
 - (1) Alternatives analysis (which process is best for Parsippany).
 - (2) Obtain any initial additional information needed to make a process choice.
 - (3) Project costs for construction and estimated energy savings.
 - (4) Preliminary marketing investigation to find competitive niches in the waste acceptance business.

He noted the possible outcomes from the Phase I RFP as:

- Shut down incinerators and remove ourselves from that portion of the air pollution permit.
- Rebuild the facility or leave it as is and upgrade to new regulation.
- Stop all waste acceptance business.

OR

- Do a full marketing study on potential competitive areas and develop a business plan to achieve realistic goals.
- Divorce waste acceptance business to a stand alone area.
- Rebuild the treatment facility and start incineration as waste material increases show that to be a possibility.

Mr. Bober indicated that he feels that the best way for Parsippany to take a look at saving money on this system is to find ways initially to stop spending money. He commented that if the Phase I is completed, we will have a very good chance to save a lot of money quickly.

Council President Agostini noted that the documents Mr. Bober provided to the previous Administration back in 2000 and 2001 were never seen by the Council until recently. The Council was aware that studies were done, but was not privy to the documentation. She asked Mr. Bober to provide a ballpark figure on how much more the cost estimates might be since the 2000 report. Mr. Bober stated that we know how much energy has increased, so that side of the equation is straight forward; increase the potential savings by perhaps, conservatively, 40%. What he does not know and what we need to find out is what the construction costs would be, especially since we haven't made a decision on what type of facility we would replace the current one with. He cautioned that it is only a coincidence that the estimated costs for rebuilding the Plant versus the costs for

phosphorous removal on our current plant are approximately the same. We don't know for sure since the experts who did the phosphorous study were looking for the maximum end. If one of the decisions that the Administration makes would be to add phosphorous to our current facility, he is sure an engineer could probably shave a few million dollars off of the cost. With respect to the construction part, his guess is that the cost would increase. If we stick to asking for a basic upgrade, he guesses that costs could be kept to over 20% of what Council President Agostini saw, but a Phase I is needed in order to have accurate numbers. Mr. Bober commented that he views his role as providing the current costs on every possibility, so that the Administration and Council can have a complete picture in order to make rational decisions.

Council President Agostini questioned if the improvements recommended by Mr. Bober could be done in stages to minimize capital outlay or does the work have to be done all at once in order to work. Mr. Bober replied that this question would be better directed to the design engineer, but his best guess from an operations standpoint, is that once it is started, it should go to completion. Council President Agostini next asked what kind of a time line is involved and how will this affect the revenue side of the Plant. Mr. Bober stated that if we decide to go into the waste acceptance business, a Phase II RFP would be required, but Plant operation wouldn't stop. One piece of the Plant would be running independently of the other. Discussion ensued relative to the future use of the incinerators.

Mr. Bober responded to questions from Council Members. He indicated that he has stopped the Plant feasibility study, the funding for which is in the Capital Budget. By way of the engineering fly-bys, we know for sure that the conversion of this plant is totally feasible, but what we don't know is the best way to proceed. Mr. Bober advised that the Phase I study should be able to be done for about \$100,000 plus. Existing funds would be utilized. The Phase II RFP to do a complete design of the Treatment Plant and to participate in the TWA process would probably be a maximum of an additional \$450,000. We don't have a "good" cost to conduct a full marketing study and develop a business plan as of yet, but he would suggest about \$150,000, which should only be spent if it looks like there is business out there that we can obtain. Mr. Bober reviewed the time frame involved, noting that he has permission to write the Phase I RFP now and this should be completed by next week. If approved, he hopes to get this out by the end of the month. Mayor Luther stated his understanding that the Phase I request for proposals will go out within the next two months and by spring time the report should be available; this report should recommend going to Phase II for proposals. Mr. Bober estimated the Phase II proposal at \$450,000 and noted that the design phase should then take about one year. The TWA process, per Mr. Bober, because of the State time restraints, may take another year. Council President Agostini felt that the marketing study needs to be an integral part of the process. Ms. Grossi asked if the possibility of turning the Plant around will take from three to five years. Mr. Bober answered "more than likely," noting that the State has a lot of projects it is dealing with.

Council President Agostini opened the meeting to the public for comment on this matter only.

Art Hendrickson, 65 Leamoor Drive, expressed his concern about the estimated cost of the studies being too low. Mr. Bober explained what is involved and noted that the Phase I study will be done by a full blown engineering staff decided upon by the firm awarded the contract as to how to use which employees and when. The cost estimate was based on opinions rendered by about five different engineering firms. The Phase II would call for a complete set of designs and specifications, etc. and start the negotiations with DEP on the TWA process. Mr. Hendrickson asked if there will be plans for a continuing evaluation and incremental advances as technology advances. Mr. Bober replied not by an engineering firm, noting that by the time we get done with Phase I, we should have picked a process that puts us reasonably close to the cutting edge of technology. Most processes that develop usually have a life cycle of at least 20 years and chances are that the decisions that the Township will make will probably last for at least that long. Mr. Hendrickson's concerns about bonding were addressed.

BettyLou DeCroce, 3 Dean Gallo Court, questioned Mr. Bober with respect to financing the infrastructure. In response, Mr. Bober stated that he has been told that if the Township looks to the Infrastructure Trust, and because those people work hand in hand with the TWA people, simultaneous processes are usually completed sooner. Ms. DeCroce asked if a full blown Phase II Study at a cost of \$450,000 may not be required based on the findings of the Phase I Study. Mr. Bober agreed that if the Township decides that it does not want to do a design, it stops at Phase I. There will be a need for a future contract to alter the current facility to remove phosphorous at an estimated cost between \$7.44 and \$11.5 million. If the decision is to rebuild the facility, a full blown Phase II is required. Mr. Bober confirmed that the Township would be able to make those decisions before spending additional money.

Seeing no one else come forward to speak, Council President Agostini closed the public portion. The meeting adjourned at 7:35 p.m.

10/23/07
APPROVED