

**BOROUGH OF SPRING LAKE
MAYOR AND BOROUGH COUNCIL
SPECIAL MEETING
JULY 21, 2015**

Mayor Naughton called the Meeting of the Mayor and Council of the Borough of Spring Lake to order at 6:05 P.M. with a moment of silent prayer. She then proceeded with the Pledge of Allegiance to the Flag. The Mayor announced that the meeting is being held in accordance with the Open Public Meetings.

PRESENT: Mr. Erb, Mr. Fay, Mr. Judge (via telephone; arrived in person at 6:40 pm), Mr. Frost, Mr. Sagui, Mrs. Venables, Mayor Naughton

ABSENT:

ALSO PRESENT: Dina Zahorsky, Deputy Borough Clerk
W. Bryan Dempsey, Borough Administrator
Robbin Kirk, CFO
Al Hilla, Leon S. Avakian Consulting
Patrick K. Cole, P.E., H2M Engineers

Workshop Discussion – Water and Sewer Infrastructure and Roads

The Mayor reminded the public audience that the purpose of the meeting is to discuss with water and sewer infrastructure and how it relates to the road paving project. Further the Mayor stated that the goal of the meeting is not to present a fully fleshed out plan to the public but rather for the council members to get a sense of the results of the water study that was commissioned as well as hear from the CFO who has put together some proposed costs and financing options. In addition, the Mayor added, Mr. Al Hilla from Leon S. Avakian's office is in attendance to speak to how the infrastructure issues relate to the roads paving plan. The Mayor added that Mr. Pat Cole from H2M Engineers will present the results from the water study, followed by the Borough's CFO, Robbin Kirk who will present financing recommendations and then Mr. Al Hilla who will speak to the pavement plan. The Mayor stated that the goal is to marry both the water/sewer infrastructure efforts with the paving plan. The Mayor added that the timing for this project is ideal in that there was a water main break recently that demonstrated how vulnerable the 100 year old system is. The Mayor requested that the members of the public audience hold their questions to the end.

Mr. Pat Cole introduced himself as a consulting engineer commissioned by the Borough to work with Mr. Hilla to develop an understanding of the municipal infrastructure that the town operates with regards to water supply. Mr. Cole detailed H2M's background noting that they have over eight years of experience in this particular niche of engineering. Mr. Cole added that he is a licensed engineer in five states with fifteen years of experience. Mr. Cole began his presentation noting that many New Jersey municipalities are essentially their own water company which means they are owner and operator of infrastructure assets and supply their own water. In Spring Lake, Mr. Cole stated that the worst day of the year results in the pumping of about 1 million gallons of water, however, on average annually, it's about half this amount. Mr. Cole added that although there's nothing exotic or unusual about the Spring Lake system it is showing signs of age and decay. Mr. Cole continued stating that there are a number of organizations that characterize drinking water infrastructure in the United States and according to the American Society of Civil Engineers the grade they give it is a "D". Historically, drinking water is the first asset a community needs to develop itself and as such it is likely the oldest piece of infrastructure and because it is not visible it is often maintained reactively versus proactively.

Specific to Spring Lake, Mr. Cole stated that the majority of the pipe valves and connections are roughly 80 to 100 years old. The short version of our assessment, stated Mr. Cole, is that the system

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is exhibiting signs of chronic failure and although it doesn't mean the system will fall apart tomorrow, it does mean that at about 50 years of age the clock starts ticking and results in an increased frequency of maintenance. The failure of a system is evidenced by an increase in water main breaks, added Mr. Cole, with an average of three to twelve water main breaks per year for systems eighty plus years old.

Mr. Cole continued sharing visuals of pipe corrosion, referred to as tuberculation, which is basically the redepositing of iron resulting in nodules or mounds inside the pipes. This results in constriction of the pipes that were designed to deliver a certain amount of flow which has now become less, stated Mr. Cole. For a town of this size, age and complexity tuberculation also results in what is known as red water which means that iron matters flake off and enter the water, stated Mr. Cole, adding that it's not a danger to one's health but can stain laundry and some find it distasteful.

A second mode of failure has to do with the operation of the system and the way in which the public works staff can address emergencies, stated Mr. Cole. Ideally, if a section fails you can shut off a portion of the system leaving the rest of the system available for domestic consumption and fire protection but with failing valves a town must shut off much greater portions of the overall system. Spring Lake's system has aging valves making some of them difficult to operate and some only partially closed while some of the fire hydrants only partially seep or don't open at all, stated Mr. Cole. The recommendation for a system such as this is to put together a plan as opposed to waiting until the system fails, stated Mr. Cole. Mr. Cole shared that there are quite a few towns in New Jersey that are in the same predicament and who are either rehabilitating or replacing what they have.

Mr. Cole spoke to the review of the Spring Lake system that took place in cooperation with the Borough's Department of Public Works which included the evaluation of the system with a series of hydrant flow tests, the building of an electronic model of the entire system, and the calibration of these findings with their field data. Using one hundred fifty as a measure of a smooth, new pipe, the average smaller, aged pipes in Spring Lake's system measure at a roughness of forty to sixty, stated Mr. Cole, adding that Spring Lake's pipes are a combination of constricted and rough and are no longer delivering the flow capacity that they were intended to deliver and are beginning to perforate.

An obvious question, Mr. Cole stated, is why not just rehabilitate which is a less expensive option. Mr. Cole noted that unfortunately for Spring Lake, the system is characterized by having mains that are smaller in diameter than New Jersey DEP will allow for new construction adding that Spring Lake mainly has four inch pipes and the minimum that may be used now is six inch diameter pipes. Another consideration stated Mr. Cole, is that since the Borough has primarily iron pipes along with a gentle pitch the Borough is slowly sending iron particulate matter down toward the beach front and therefore Mr. Cole recommends moving away from using iron piping as a basic design element of the system. Mr. Cole continued noting a set of priorities to rehabilitate or replace the system including upsizing the undersized mains and replacing the severely tuberculated mains.

As for next steps, Mr. Cole noted that the management of buried infrastructure in the right-of-way cannot be dealt with in a vacuum and should be coordinated with the roadway system, storm water drainage system, and the municipal sanitary sewer system. Mr. Cole stated that they have identified four priority areas that will address the acute problems that are on the table and will result in a \$5.5 million water related construction project over the next two to three years. Mr. Cole added that the four projects are complimentary to each other and will allow the Borough to operate the system in the proper way. The four priorities are: 1) replace all the water mains on Ocean Avenue, 2) connection of

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the Ocean Avenue main up to Atlantic Avenue to the public works yard, 3) a series of critical line valve and hydrant replacements, and 4) the water components related to the road improvements tentatively recommended by the Borough's engineers, stated Mr. Cole. Detailing the four (4) projects, Mr. Cole shared that the Ocean Avenue recommendation is key in that Monmouth County is planning to pave the Ocean Avenue right of way in the next twelve months. The second project, continued Mr. Cole, of completing the loop from the source at the DPW yard to the source on South Boulevard is also being proposed to allow complete cross venting which will bring the system into full compliance. Regarding the third project, the recommendation consists of having the Borough engineer work with DPW to address approximately thirty line valves and twenty hydrants and install new ones, stated Mr. Cole. Finally, where there are municipal road repairs going on as part of the road program, Mr. Cole suggested integrating the replacement of water mains as part of that effort. In addition, stated Mr. Cole, he recommends a revised hydrant flushing program be initiated so that over the course of the next twelve months they can identify the weakest points in the system that need the most help.

In closing, Mr. Cole stated that with a nonstandard capital project such as this, the consideration of how much it will cost to pay for the debt service is key and the good news is that municipal bond rates are historically low making this a good time to invest and therefore he strongly recommends moving forward with this effort.

Mrs. Venables asked for confirmation that the cost estimation given would be in addition to the road work cost. Mr. Cole confirmed.

Mrs. Venables asked if there was a projection of what the road work would cost associated with the four projects discussed. Mr. Hilla responded referring to a document provided that fleshes out the costs associated with the four projects. Mr. Hilla also noted that in addition to the details shared by Mr. Cole, there would be sewer improvements as well.

Mayor Naughton asked about the sewer costs on Atlantic Avenue stating that she believed this area was already captured. Mr. Hilla stated that he reviewed this and discovered that phase one did take place but that phase two would be necessary.

Mr. Sagui asked if all the lines need to be replaced. The Mayor suggested that they look at the video from the phase one effort. Mr. Hilla reflected back noting that their recommendation at the time was to replace the pipes.

Mr. Frost asked if the curbing was included in the costs. Mr. Hilla stated that a number of things would be included including curbing, paving, handicap ramps, storm drains, utility adjustments and other items. On Ocean Avenue, Mr. Hilla stated that all of the east side would be addressed but on the west side, several of the homes already have new curbing in place that can be salvaged. There would also be the need to raise manholes on Ocean Avenue, added Mr. Hilla, stating that the county does not raise manholes when they pave.

Mr. Erbe asked if all the services would be replaced as well. Mr. Hilla stated that they would connect to the homeowner services.

Mr. Judge asked why the water main on Ocean Avenue is the number one priority. Mr. Cole responded stating that the system operates via a grid of piping into which water is being forced into from different

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sources including a single well on South Boulevard and two wells at the public works yard. Mr. Cole added that when water is not flowing, the pressure is static yet water is constantly flowing, toilets flushing, using faucets, etc. When water flows through smaller or constricted pipes it has difficulty maintaining pressure, stated Mr. Cole. With sixteen inch pipes, those close to these pipes are in great shape and have excellent pressure, added Mr. Cole, yet those on the ocean front are dealing with smaller constricted pipes resulting in less and less available service particularly during peak demand. So, Mr. Cole continued, the reason for the Ocean Avenue twelve inch main is to create a loop throughout the entire system versus living off a single header. Mr. Judge asked why twelve inches versus sixteen. Mr. Cole stated that he believes twelve inches is sufficient to cover the Borough's domestic environment.

Mr. Judge asked why the priority at Atlantic Avenue. Mr. Cole stated that there is a need to create connectivity between the new twelve inch component on Ocean Avenue and DPW to create the loop. Mr. Judge asked if the Borough moves forward on the Ocean Avenue and Atlantic Avenue recommendations, what will the residents see in terms of increased pressure, better firefighting safety, etc. Mr. Cole stated that the day-to-day pressure would be similar but there would be increased available pressure on peak days, particularly in the summer, and they would see almost a doubling of fire flow during emergencies. Further, Mr. Cole stated, the ocean front corridor would be served by pipe that no longer would be vulnerable to tuberculation.

Mr. Erbe asked about the lifespan of the pipes. Mr. Cole stated that they are made of PVC that will outlive any type of iron pipe.

Mr. Judge asked about the timing of the two projects. Mr. Hilla responded stating that this type of project will result in a great deal of turmoil for the town including detours. Mr. Hilla added that doing too much work in town could be disruptive and recommends staggering the work. Further, Mr. Hilla stated, the fact that the county will be paving Ocean Avenue is the impetus of the Ocean Avenue effort and the timing of that work. Mr. Hilla further spoke to the permitting required as well as the bid process.

Mr. Judge asked if once the circular pattern is complete, will the residents experience less yellow water. Mr. Cole stated that he believed it will lessen over the course of about a year.

Mayor Naughton asked if they will be stubbing into Atlantic Avenue from Ocean Avenue. Mr. Hilla stated that they would like to pave Atlantic from Ocean to First Avenue and have it operational by next summer. The Mayor asked what the moratorium would be on opening Ocean Avenue after the county paves. Mr. Hilla responded that it would be five years adding that services may happen within the five year moratorium but linear development will not be allowed since cutting into the pavement severely limits the life of the pavement. The Mayor asked what would happen if a resident on Ocean Avenue wants to build a new house after the paving takes place. Mr. Hilla stated that they perhaps can obtain their services off a side street and if not they would likely have to work directly with the county to resolve. Also, Mr. Hilla stated that he believes services are exempt from the moratorium. Mr. Cole agreed. Mr. Hilla added that he believes a large number of the homes on Ocean Avenue get their services from the side street and not necessarily from Ocean Avenue.

Mr. Frost asked if the county will work with the Borough in terms of timing, stating that if the Borough is running a bit behind schedule will they hold off on their paving. Mr. Dempsey stated that he

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anticipates the county will be completed with the Ocean Avenue paving by the summer of 2016 and will likely start in Avon and move south to Spring Lake. Mr. Dempsey added that once they start, the Borough needs to be ready. Mr. Dempsey further stated that he has invited the county engineer to a meeting to begin discussions on the project. This meeting is in addition to a meeting the county will be having with all towns impacted, stated Mr. Dempsey.

Mr. Sagui stated that he did not believe there were many properties on Ocean Avenue that would be affected.

Mr. Dempsey added that the residents will get a notice not unlike that given to the Ludlow Avenue residents giving them an opportunity to upgrade their service and giving them notice that any other work needs to be done during a specific time frame.

Mr. Hilla added that one positive is that there is a great deal of pavement on Ocean Avenue to work with. The Mayor asked about the status of the sewer lines on Ocean Avenue. Mr. Hilla responded that he did not believe there was time to look at this but that much of this area had previously been reviewed.

Mr. Dempsey added that from the E&S back toward Brown Avenue was televised and repairs fixed as part of the Wreck Pond sewer project.

Mr. Sagui offered that one of the problems he sees is that the pipes are terra cotta and cannot be cleaned without risking perforation which is why it would be best to line these pipes or replace them in the next twenty years. Mr. Hilla stated that this was discussed and can be done trenchless by going manhole to manhole. Further, Mr. Hilla stated that this would be difficult to do by March 1st.

Mr. Judge asked if it was possible to project the likelihood of a main break on Ocean Avenue given the age and condition of the system. Mr. Cole stated he could offer a guess but that there is no real deterministic way to tell.

The Mayor added that there have been more water main breaks than ever before and the one during the Memorial Day weekend was quite severe taking hours to get under control because thirteen valves had failed.

Mr. Judge, seeking confirmation, asked if it was true that the Borough could expect roughly twelve breaks per year on average. Mr. Cole stated that this estimate is based on a one hundred year old system and the Borough's is characterized as a seventy five to eighty year old system. Mr. Cole further stated that this is a purely statistical estimate and is based on systems like the Borough's.

Mrs. Venables asked if the industry standard is to replace with plastic. Mr. Cole stated that it is situational and depends on the chemistry of the soil, frequency of main breaks, preference of a public works staff, and other factors. An upside of using duct iron pipe is that it is almost impossible to hurt it with the tooth of an excavator, stated Mr. Cole, adding that it protects against sloppy contractors. Mr. Cole continued emphasizing the counter point that the Borough has a tuberculation problem in Spring Lake noting that it will likely return if the Borough continues to use iron pipes. Mr. Cole stated that he has a great deal of confidence in plastic pipes and stated that there are ways to flag to contractors that there is plastic pipe beneath the surface. Mr. Hilla added that most of the work is

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done by the Borough's own public works department employees who typically will take much better care of the infrastructure than an outside contractor. Mr. Cole agreed and added that another factor is that Spring Lake is a fully mature town and not undergoing on-going build out. Further, plastic is cheaper and much better in terms of water quality, stated Mr. Cole.

Mrs. Venables asked what the change in cost estimate would be if the Borough chose to consider iron pumps. Mr. Cole stated that it would impact the materials cost by about 10%. Mrs. Venables asked if there were other drawbacks to the use of plastic other than the potential for damage from an excavator. Mr. Cole stated that there were not and that the material is NSF certified and there are millions of linear feet of this type of pipe that has been installed for decades and is chemically inert and safe to drink from.

Mr. Judge asked what the useful life was of plastic piping. Mr. Cole stated that it is many hundreds of years noting that it's very difficult to degrade PVC plastic when buried.

Mrs. Venables asked how long the plastic pipe has been in use for water systems. Mr. Cole stated that it has been in use for about thirty to forty years. Mrs. Venables asked if they know for certain that there are no health risks to drinking from plastic noting that there seems to be frequent reports of concerns. Mr. Cole responded stating that it has been extensively studied and the NSF certification process certifies both physical components and chemical additives. Further, Mr. Cole stated, PVC piping is consider chemically inert, and is the industry standard for household plumbing.

Mr. Sagui shared a concern about water systems that have added chlorine or chloramine that react negatively with iron pipes. Mr. Cole noted that this would not be an issue with plastic piping.

Mr. Erbe asked where the loop was located on the northern end of town. Mr. Cole stated that along the entire length of South Boulevard there exists a ten inch pipe which is almost enough; not concerning enough to recommend replacement noting that from a material standpoint it is relatively new and exhibits good hydraulic characteristics.

Mr. Erbe further asked if the connections of the pipes will be made of metal. Mr. Cole indicated that they are made of metal and they use the same material for plastic pipes as they would for duct iron pipes. Mr. Erbe stated that the connections have been an issue for the Superintendent of Public Works noting that they experience frequent issues due to age but also design. Mr. Cole offered that from a connectivity standpoint and from a thrust restraint standpoint the way the major components are put together will be very robust.

The Mayor asked Mr. Cole if there was anything that they should have asked that has not been addressed. Mr. Cole stated that the Borough's system is relatively robust; the town has plenty of supply, and is right in the sweet spot in terms of pressure. Although there is not an excess of surplus, the Borough has enough to deal with peaks and the biggest problem Spring Lake faces is age and constriction, stated Mr. Cole.

Mr. Erbe asked about the effect of salt water on the system on Ocean Avenue. Mr. Cole stated that the pipes are designed to be water tight and operate under at least twenty pounds of pressure twenty-four hours a day.

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Mrs. Venables asked what percentage of the overall system is being improved with the four projects. Mr. Cole responded stating that the next step, once the Borough gets passed the next several years, is to replace at least half of the municipal distribution system which would be the fifth step to the overall project. This would be a ten-year capital program replacing approximately half of the water mains and would be estimated at approximately \$12 million worth of pipe and a net constructed value, including engineering, of \$16 million. Mr. Cole continued stating that the first four projects are those that take the Borough to compliance with the New Jersey State operating regulations.

Mr. Sagui added that if stage five is not address, the old pipes would need to be addressed eventually. Mr. Cole confirmed that this was indeed true. Mr. Hilla added that about half the system is approximately fifteen miles of piping so for round purposes it's about \$1 million per mile installed for water mains.

The Mayor invited Robbin Kirk, CFO, to address the financial aspects of the projects. Ms. Kirk stated that in preparation for this meeting she held lengthy discussions with Mr. Hulsart, the Borough's auditor, regarding the various phases of the project and together they have devised a plan for a \$10 million water project which includes the items discussed thus far as well as sewer repairs that will likely be needed and possibly a portion of the phase five items that have been touched upon.

Ms. Kirk voiced agreement with earlier comments regarding the availability of favorable financing noting that should the Borough choose to move forward and finance fifty percent of the project, it may be a good time to do so; suggesting the Borough put the County on notice that this project is coming and that the Borough may be part of their bonding program in December. Ms. Kirk continued noting that the Borough currently has 1,863 users on the system and in 2014 the Borough billed \$2.3 million which relates to usage of 146 million gallons and takes into consideration the minimum billing. The actual usage by Spring Lake customers was 129 million gallons. The current water rate is \$15.90 per 1,000 gallons, stated Ms. Kirk, and for every \$1 million that the Borough wants to spend in the water utility at a 3.5% interest rate being paid off over twenty years would cost about \$70,500 per year. Therefore, a \$10 million project with a \$500,000 down payment, thus financing \$9.5 million, would result in the need to come up with \$668,000 per year to pay it off, stated Ms. Kirk. If the Borough changed the water rate in order to fund this it would need to change by approximately 32.5%, stated Ms. Kirk. Another option, added Ms. Kirk, is to implement a flat rate fee per customer. To cover this amount of debt that flat rate would need to be \$358.79 per year per customer stated Ms. Kirk. Ms. Kirk continued stating that she does not believe the Borough should go much further than \$10 million without further planning on the sewer side which is why \$10 million is the most she and Mr. Hulsart are recommending at this point.

Ms. Kirk continued stating that she attempted to marry the funding for this project with the funding for the road program noting that the \$9.5 million would be strictly for water improvements while the financing for the road program would be separate. The numbers and the timelines are almost in sync with Avakian's, added Ms. Kirk, noting that the Ocean Avenue project would start in 2015 along with some of the road program. In 2016, continued Ms. Kirk, the Atlantic Avenue line would start with funds of \$850,000 coming from the water project and funds of \$750,000 from the road improvement project. The critical valves and hydrants would also be done in 2016, added Ms. Kirk, and the fall of 2016 into the spring of 2017; Lorraine, Tuttle, and Fourth Avenues and part of Mercer Avenue will receive water main replacements and paving. This work, noted Ms. Kirk, will use \$1.8 million from the road program and \$1.5 million from the water & sewer bucket. At the end of 2017, continued Ms.

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Kirk, according to this plan the Borough will have spent about \$5.5 million of the water bond and about \$3.2 million out of the road improvement program.

The Mayor asked for clarification that the road improvement program that is being referred to is the cash on hand. Ms. Kirk confirmed.

The Mayor further asked if the Second Avenue work is included in this analysis. Ms. Kirk stated that she just learned of this yesterday and the numbers for 2016 will include this. This would ultimately leave about \$3.5 to \$3.9 million to address any unforeseen sewer issues or other unexpected expenses, stated Ms. Kirk. In closing, Ms. Kirk suggested the Borough consider this project like the north end pool project; knowing that it is and begin thinking about rate increases a couple of years ahead of time. Ms. Kirk added that it might be best to bond about half of the amount now and wait to bond the balance while phasing in the rate increases at the end of this year going into next year.

In connection with the current water/sewer budget, it's been very tight, stated Ms. Kirk. Bills are going out, consumption is about even as compared to last year in the first two quarters, yet expenses are not going down added Ms. Kirk.

Mr. Frost asked if the Borough borrows roughly \$5 million now, when the Borough likely would be borrowing the balance. Ms. Kirk responded that it is every December that the Borough can borrow through the Monmouth County improvement authority but that is not to say the Borough cannot bond independent of this but that the Borough will likely pay a little more in administrative costs.

Mr. Judge asked for clarification on the guarantee Ms. Kirk spoke of. Ms. Kirk explained that if a rate increase is announced, resident behaviors may change and they may start conserving. While if the Borough puts in place a flat rate, which will not vary based on conservation or weather patterns, the funds are in essence guaranteed and without a guaranteed stream of funds coming in the Borough would have to cut something out of the budget. Further, Ms. Kirk stated that the debt payment must come first on a budget. Ms. Kirk suggested additional discussions on this continue but that she does need a decision on the Ocean Avenue line and whether there will need to be a bond ordinance as it takes two meetings and twenty days to be effective and a project cannot be awarded until the bond is in place. Further, Ms. Kirk stated that it may be best to determine the type of bond ordinance to put in place and given that the numbers continue to lean toward the \$10 million figure, it may make sense to get it all in place at once noting that the Borough doesn't have to borrow it or spend it but that it will be authorized if and when it is needed.

Mr. Judge confirmed that there would be no interest incurred. Ms. Kirk added basically the bond ordinance gives the Borough the authority to borrow and award a contract and advised the Borough not to borrow until the contract is actually awarded.

The Mayor asked how tight the timeframe is on the Ocean Avenue project. Mr. Hilla suggested that a contract for this work should be awarded by October 2015, noting that the physical work is roughly three to four months at a minimum.

Mr. Judge asked what the more likely time frame would be versus the best case scenario. Mr. Hilla stated that there will need to be end days that must be met even if it results in adding crews to get the

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work done. This, Mr. Hilla stated, is because they must be ready when the county is prepared to do their work. Mr. Cole interjected that it is a relatively large job in terms of heavy civil work.

Mr. Erbe asked if they knew what was underneath Ocean Avenue stating that they believe there may be some old tanks. Mr. Dempsey added that the sooner we move on things the better in that the contractor may be able to start as early as October and get most of the work done before winter weather hits.

Ms. Kirk stated that the Ludlow Avenue work, which is outside the scope of this project, is underway. Mr. Dempsey stated that St. Catharine School is okay with Second Avenue being addressed during the school year provided they have advance notice to reroute bussing and parent pickups.

Mayor Naughton added that this is funded by the New Jersey DOT Trust Fund Grant and it is a road that is in bad shape and needs to be done and is only three blocks of road.

Mr. Dempsey added that the water main under this road is okay and would not need to be replaced.

Ms. Kirk stated that she will need to know if this is to be included in this year's budget. The Mayor strongly suggested they do the Second Avenue project given that the Borough cannot apply for another grant if they have not used the first one and the money is in place to do the work. Ms. Kirk stated that if they are going forward she needs to get a resolution in place.

Mr. Judge asked if there were any grants available for water/sewer work. Mr. Cole stated that there are some grants available but the medium income for Spring Lake would make it difficult for Spring Lake to qualify.

Mr. Hilla stated that the only additional item is the Mercer Avenue project which he anticipates some sewer work will be needed.

Ms. Kirk stated that it fits in the funding plan that goes out to 2017.

Mr. Dempsey added that there are other smaller projects that may need to be addressed including a sewer on South Boulevard and an issue at the pump station at Wreck Pond.

The Mayor asked Ms. Kirk about the ability of the Borough to absorb this project and remain healthy in terms of debt to revenue ratios and other measures and whether she and Mr. Hulsart are comfortable with the Borough moving forward. Ms. Kirk stated they are absolutely comfortable with it even knowing the need to ask residents to help pay for the project. Further, Ms. Kirk added that the current fund, beach utility, and pool utility are still very much on schedule. In the water utility, Ms. Kirk stated, the 2016, 2017 and 2018 debt drops by about \$70,000 but suggests that the funds continue to be budgeted and placed into a capital improvement fund which may assist in the five percent down payment requirements.

Mr. Judge asked if Ms. Kirk has ever seen a fee apportioned to usage stating that he is a little uncomfortable with the flat fee and the feeling that it's disproportionate. Ms. Kirk stated that it is very difficult to do unless the minimum is raised.

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Mayor Naughton stated that although she agrees the flat rate is not apportioned to usage she feels that this type of infrastructure improvement is not about the amount of water being used but is about the system that gets the water to people's homes, supplies hydrants, and supports firefighting and as a municipality it is incumbent upon the Borough to get water to people's homes and ensure public safety. The improvements, the Mayor added, will prevent the Borough from incurring hundreds of thousands of dollars or more in an emergency for not making these necessary improvements.

Mr. Judge voiced agreement with the Mayor's comments and suggested they explore creative ways to tie it to usage. Ms. Kirk agreed to propose a couple of different options and also offered some examples of what other municipalities have done noting that most municipalities have a higher minimum/flat rate than Spring Lake.

Mr. Sagui voiced support for the flat rate stating that it establishes some predictability for future costs stating that one of the biggest complaints from residents is the inability to figure out the water rate.

Mr. Erbe reflected on the past when the pavilions were included in the calculation and asked if they were included. Ms. Kirk stated that her analysis was based strictly on what was billed out to customers.

The Mayor asked if the current fund pays the water fund for the public buildings. Ms. Kirk confirmed that the current fund and the beach and pool utility pay the water fund, however, although it is adjusted based on the six percent rate increase there has not been a detailed analysis of actual usage.

Mr. Judge asked if the flat rate would be spread across the four quarters. Ms. Kirk confirmed that it would.

Mr. Lyle Marlowe, 110 Pennsylvania Avenue, asked Mr. Cole about the connections. Mr. Cole stated that the entire system is characterized as a large grid and the sixteen inch header is the largest hub in the system. Mr. Marlowe further asked about the New Jersey American lines that were put in for firefighting. Mr. Hilla confirmed that this is not connected to the Spring Lake system and runs all the way to Bay Head and is the New Jersey American's system. Mr. Marlowe asked if there was a way for Spring Lake to use this line. Mr. Cole spoke to the topic stating that New Jersey American installed the line for use in serving their existing customers and as such it would not be available for Spring Lake to take over. Mr. Cole continued emphasizing that the Ocean Avenue line is also problematic because it is not completely connected now and is a series of disconnected loops and as a result it does not exhibit the correct connectivity that it should. Mr. Marlowe asked for clarification on the Tuttle and Lorraine Avenues part of the project. Mr. Hilla stated that it has to do with the hydraulics of the system and these locations are ideal for this component and it is a coincidence that these happen to be among the worst five roads in town. The idea, Mr. Hilla continued, was to strategically find locations where there was overlap with the road and sewer projects. Mr. Marlowe stated that he was not suggesting using their water but rather using their pipes.

The Mayor added that Rutgers identified these two roads as needing repaving and it does not make sense to repave prior to making the improvements below the surface.

Mr. Sagui added that American Water has chloramine in the water which would accelerate the decay of the system.

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Ms. Kirk stated that she believes the line is the main line that they use to feed other municipalities along the coast. Mr. Cole stated that hydraulically, it is a great idea; however it unfortunately is a line that is not available to us.

Mr. Ed Hale, 116 Lorraine Avenue, asked what the impact of the new PVC system will be on pressure. Mr. Cole responded that the mains will not create an increase in pressure, which may seem counter intuitive, but they will simply have more continuous available water and it will be more difficult to exhaust the supply of water to those points. Mr. Hale further asked about the impact of the connection of the varying sizes of mains and the potential for flow restriction. Mr. Cole stated that when he was prioritizing his suggested projects he analyzed the sense of urgency as well as where he could get the most robust functionality. Hydraulically, Mr. Cole stated, he prefers a twelve inch pipe and although pressure will not vary much there will likely be a greater guarantee of service even in a peak usage situation such as a fire.

Mr. Hale asked about storm water management and voiced particular concern about flooding at the intersection of South Boulevard and Lorraine Avenues where it tends to freeze in the winter and whether this could be addressed. Mr. Hilla stated that they have not gotten to that level of detail yet and are more focused on a holistic approach of balancing the Rutgers report with Mr. Cole's suggestions, yet discussions have been had with Mr. Phillips, Superintendent of Public Works, regarding issues such as this.

The Mayor added that this issue has been discussed at several council meetings over the last year with Mr. Hilla's partner Peter Avakian and they recognize the need to address these issues particularly when paving and resurfacing a road. Also, the Mayor reported they intend on ending the grandfathering of the sump pumps out to the street.

Mr. Hale stated that he has concrete gutters in place at his home and suggested the Borough consider this option. The Mayor stated that this is in place as a standard for new roads however, it was taken out for repair situations for aesthetic purposes.

Mr. Hale stated that he believes this project is a worthwhile investment understands the importance of fire flow and asked what the current rate is. Mr. Cole stated that he could research this and report back and stated that part of the analysis is that the entire grid is represented by the model and added that the fire flow closer to the oceanfront is roughly hundreds of gallons per minute versus along Fourth Avenue where there is many thousands of gallons per minute available. Mr. Hilla added that the New Jersey American line on Ocean Avenue and the proximity to the ocean were considered as part of the fire flow in this beachfront area. Mr. Hale asked if the enhancements to the Borough's water system impact the fire company's need for a new pumper truck. Mr. Cole stated that it's a possibility but was not part of his overall analysis.

Mr. Lyle Marlowe, 110 Pennsylvania Avenue, stated that projects one and two are basically infrastructure while projects three, four, and five are line repairs and asked if they could skip projects one and two. Mr. Cole responded stating that the projects one and two speak to the capacity of the system and the system's ability to deliver the water that's available. Mr. Marlowe stated that he did not believe there was a supply issue. Mr. Cole stated that the Borough is marginally inadequate in terms of degree of difficulty to supply on peak days and fire flow.

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Ms. Elsie Dubac, 415 St. Clair Avenue, stated that she likes the idea of flat rate and asked if it could be tied into the property values. Ms. Kirk stated that she could look up state statute on the topic.

Mr. Hale, 117 Lorraine Avenue, stated that the project will roughly cost \$5,000 per home in Spring Lake. The Mayor asked how he determined this figure. Mr. Erbe asked if he was using a calculation of \$10 million divided by 2,000. Mr. Hale confirmed. The Mayor stated that the amount being discussed is \$10 million over 20 years. Mr. Hale then stated that the amount is closer to \$10,000 per home and asked if it would make sense for the residents to just pay \$10,000. The Mayor stated that although she welcomes creative approaches the bonding approach being suggested is a more typically approach to how municipalities fund utilities. Further, the Mayor stated that the difficulties the Borough has had is making this a project that the Borough can fiscally afford and get the most bang for the buck in a modest period of time. Also, the Mayor stated, one of the added benefits is that it dovetails with the very important road project. The Mayor stated that as a resident she prefers to pay for this over time just as the Borough will be paying for it over time.

Mr. Judge added that given that the cost to borrow is relatively inexpensive, it is a good time to borrow.

The Mayor expressed her thanks to Mr. Cole, Mr. Hill and Ms. Kirk for their hard work and thanked the public audience for their presence and participation.

The Mayor asked about next steps. Ms. Kirk stated that she would need notice from the Mayor and Council if they intend on placing a bond ordinance on the agenda for the August 11, 2015 meeting particularly if the Borough intends on awarding a contract in September or October. Further, Ms. Kirk stated that she believes she and Mr. Hilla have done well putting a schedule together yet they will continue to meet monthly to ensure they are on track and will report back to the road and finance committees as to the status of progress and what is being spent. Ms. Kirk also asked who she would continue to meet with, if they go forward with the bond ordinance, to review water rates and timing for implementation. Mayor Naughton voiced the importance of sharing information with the Mayor and Council without violating the Sunshine Act. Mr. Dempsey suggested the possibility of another meeting prior to August 11, 2015. The Mayor stated they may need to due to the importance of the decision and the need for full council involvement. Mr. Dempsey expressed concern about the impact on timing if they push the discussion to the next scheduled meeting. Mr. Judge asked if another meeting on the topic was necessary. Mayor Naughton stated that perhaps given that it is the first time the full council and the public are learning the details of the project and the fact that it is a very big issue, it may warrant an additional special meeting. Mr. Judge expressed agreement. Mr. Erbe added that the committees that are connected to the project should continue to meet as well.

The council agreed to meet Monday, July 27, 2015 at 6:00 pm.

Adjournment

Mr. Judge offered a motion to adjourn the meeting, seconded by Mrs. Venables.

ROLL CALL:

AYES: Mr. Erbe, Mr. Fay, Mr. Judge, Mr. Frost, Mr. Sagui, Mrs. Venables

NAYS: NONE

ABSENT: NONE

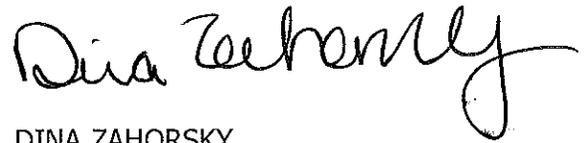
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ABSTAIN: NONE

Time of Adjournment: 8:25 PM

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dina Zahorsky". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

DINA ZAHORSKY
Deputy Borough Clerk

Approved at a meeting held on: