



**Board of Commissioners**

*Senator Robert Singer, Chairman*

*P. G. Waxman, Vice Chairman*

*Mayor Raymond Coles, Treasurer*

*Anne Fish, Assistant Secretary*

*Craig Theibault, Commissioner*

*Samuel Flancbaum, Alt. Commissioner*

*Meir Lichtenstein, Alt. Commissioner*

**THE LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

**Sewer Connection Fee Hearing**

**February 6, 2018**

I. Senator Singer opened the hearing at 2:35 P.M. in the conference room of the Lakewood Township Municipal Utilities Authority, 390 New Hampshire Avenue, Lakewood, New Jersey immediately following the Water Connection Fee Hearing.

II. It was announced that in accordance with Chapter 231, Public Law, adequate notice of this Sewer Connection Fee Hearing was given and that a notice of this scheduled hearing was filed with the Township Clerk and posted in the Municipal Building in a place accessible to the public and was published in the Asbury Park Press on January 5, 2018 and The Tri Town News on January 10, 2018.

III. **Salute to the Flag**

IV. **Roll Call of Commissioners**

On roll call the following Commissioners were present: Mr. Lichtenstein, Mr. S. Flancbaum, Mr. Theibault, Mayor Coles, Mr. Waxman, Mrs. Fish and Senator Singer. The following professionals and key personnel were present: Mr. Adam Pfeffer, Esq., Mr. Gerwin Bauer, Auditor, Mr. Justin Flancbaum, Executive Director, Mr. Daniel Rappoccio, CFO, Mr. Colin Farrell, CEng MIEI, Director of Engineering, Mr. Adam Ponsi, P. E., Mrs. Nechama Lapa, Secretary, Mr. Robert Farina, Instrumentation Department Supervisor and Mr. Mark Hubal of Mott MacDonald.

V. **Sewer Connection Fee Hearing**

Senator Singer asked for testimony from the expert. Mr. Pfeffer swore in Mr. Gerwin Bauer as the expert witness and established his identity as a Certified Public Accountant in the State of New Jersey and auditor of the Authority. Mr. Smith asked Mr. Bauer to describe the process for the preparation of the sewer connection fee schedule. Mr. Bauer said he assisted Mr. Mark Hubal. Mr. Bauer accumulated historical data with regard to the construction costs, debt service costs, developer additions and connection fees that were added for the additions for this period of time and turned the data over to Mr. Mark Hubal for calculations. The sewer connection fees were calculated in accordance with state regulations.

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Mr. Pfeffer swore in as an expert witness Mr. Mark Hubal, established his identity as a Licensed Engineer in the State of New Jersey. Mr. Hubal is a consulting engineer for the Authority. Mr. Pfeffer queried Mr. Hubal of his knowledge of the statutes and regulations regarding the computations of the sewer connection fees. Mr. Hubal said he prepared the schedule to be in compliance with the formulas set forth in the state law regulations. It is the calculations of the total amount invested in the sewer system since the formation of the Authority. Also the total number of equivalent users in the system to calculate the fair share for each equivalent user and set the connection fee according to those calculations. Mr. Hubal is of opinion that the schedule prepared is in compliance with the formula set forth in the statute and are accurate.

Senator Singer wanted to inform the public that the Authority received an increase from the OCUA this year. This increase is a pass through to the public. The County has increased the fees for treating the sewage and it is being passed on. This is true for all municipalities that use the OCUA to treat their sewage. This also affects New Jersey American Water Company that services two thirds of Lakewood.

### **The Hearing was Opened to the Public.**

Mr. Shlomo Klein asked to speak. Mr. Klein asked if this increase is affecting the homeowners or developers. Senator Singer said that this increase affects the developers. Mr. Klein asked if there is an explanation of the calculation in simple language. Senator Singer asked if one of the professionals can explain. Mr. Hubal explained that the fees are based on the equivalent usage of a typical single home in the Township. That is divided into the total amount of investment in the system. For 2018 the sewer connection fee would be \$1,841.00 for a single family home or any residential unit that will connect. For a commercial/industrial developer, it is based upon projected usage. Whatever that usage is, it is converted into a number of equivalent units. If it uses twice as much as a house, they will have twice as much connection fee. Mr. Klein said that the Township has an ordinance that every basement could become a rental apartment. Are the sewer connection fees calculated on the assumption that there will be a basement rental apartment? Mr. Hubal said the fees are calculated based on the actual number of accounts that the Authority has. For instance, the 2018 fees are based on the actual numbers through the end of 2016. Senator Singer said if you build a basement apartment you will have to pay two connection fees. Mr. Klein said he is not against basement apartments but he wants the Township should figure out a way how to deal with the many duplex homes that have basement apartments and do not have separate accounts. Mr. J. Flancbaum would like to explain. He said, for example, the development across from the Authority and let us just say for argument sake there are seventy units. When the builder builds each duplex unit he pays \$1,800.00 per unit on the sewer end, that is a total of \$3,600.00. If the builder is finishing the basement as they are building it will be a total of \$7,200.00 per unit. What is mostly being seen is that the homeowner will finish off the basement after they move in. They will go to the Construction Department for permits to finish off the basement so it can be rented. There is a check list for the Certificate of Occupancy at the Building Department. The Authority is on the check list. The Building Department will send the Authority a letter requesting a Certificate of Compliance. Part of the Authority check list for compliance is that they have to pay the connection fee. As was discussed earlier, as there is additional stress on the system, the Authority has to collect more money so it can be reinvested back into the system. For every basement that is finished and rented and has a CO, the Authority collects additional fees for it. Mr. Waxman left the room. Mr. Klein was explaining the problem that the Township is having technical issues with issuing rental CO's. Therefore there are rented basements and only one connection fee was paid and sewage for two families is being used. Senator Singer said if someone applies for a CO for a basement apartment they will pay the

connection fees. If they do not apply for a CO, the Authority cannot collect the connection fee and has no way of knowing it. Mr. Klein asked another question. He wanted to know if the connection fees are the same for a small home and a large home. Mr. J. Flancbaum said the Authority's fee is the same for a two bedroom apartment or a ten bedroom house. Overall, it makes sense when it is calculated across the entire service area. When it comes to designing the infrastructure, the way the Authority calculates the usage flow for the units is way above the State calculations because we do understand that the usage figures in Lakewood are much higher than most other places. Senator Singer thanked Mr. Klein. Mr. Waxman returned to the room.

**The Hearing was Closed to the Public.**

Mrs. Lapa read **Resolution #18-16 Adoption of the Sewer Connection Fee for 2018**. A **motion** was made by Mayor Coles and seconded by Mrs. Fish to adopt the Resolution. On a **roll call**, Mr. Theibault, Mayor Coles, Mrs. Fish and Senator Singer, **voted, "Yes"**. Mr. Waxman abstained since he missed part of the discussion. **Adopted.**

**VI. ADJOURNMENT**

A **motion** was made by Mayor Coles, seconded by Mr. Waxman to close the hearing. On a **voice vote**, all members present voted, "**Aye**". The hearing was adjourned at 2:47 P.M.

Respectfully submitted,

Nechama Lapa,  
Secretary, LTMUA