

DELAWARE RIVER BASIN COMMISSION

SPECIAL FY-2012 BUDGET TELECONFERENCE MEETING OF JUNE 28, 2011

Minutes

The Commission held a special teleconference meeting at the Commission's office building in West Trenton, New Jersey for the purpose of adopting the FY 2012 budget and establishing a Budget and Finance Committee.

Commissioners Present: Kathleen M. Stiller, Delaware, Chair
Lieutenant Colonel Philip M. Secrist, United States, Vice Chair
Kelly J. Heffner, Pennsylvania, Second Vice Chair
John Plonski, New Jersey
Angus Eaton, New York

DRBC Staff Participants: Carol R. Collier, Executive Director
Robert Tudor, Deputy Executive Director
Kenneth J. Warren, Hangley Aronchick Segal & Pudlin, DRBC General Counsel
Pamela M. Bush, Commission Secretary & Assistant General Counsel
Richard C. Gore, Chief Administrative Officer
Joseph Sosi, Head, Financial Section

Commission Chair Kathleen M. Stiller convened the business meeting at 1:00 p.m.

Resolution to adopt the Commission's annual budget for the fiscal year ending June 30, 2012, (July 1, 2011 through June 30, 2012) and to apportion among the signatory parties the amounts required for the support of the Current Expense and Capital Budgets. Mr. Gore explained that the budget presented for consideration and a vote by the Commissioners that day had been modified from the draft version that was the subject of a public hearing on March 2, 2011 ("draft budget"). The draft budget included approximately \$8.6 million in General Fund revenues and expenditures. The budget presented for consideration and a vote by the Commissioners on June 28, 2011 provided for General Fund revenues and expenditures of \$5,660,000. The substantive changes to the draft budget were (a) a reduction of \$986,000 in anticipated revenues from signatory party contributions; (b) removal of projected revenues and expenditures of approximately \$1.7 million and \$2 million, respectively, associated with potential natural gas development activity; (c) a reduction in the use of General Fund equity of approximately \$198,000; (d) a reduction of \$150,000 in personnel-related expenses unrelated to natural gas development activity; and (e) elimination of a planned improvement to the heating, ventilation and air-conditioning (HVAC) systems of the Commission's West Trenton office building, equal to \$718,000.

Ms. Bush noted that an amendment by the Commissioners had been proposed to the draft budget resolution that had been published on June 17 on the Commission's website. The proposed

change consisted of the addition of a “Whereas” clause immediately preceding the “Be it Resolved” section. Ms. Bush read the proposed clause:

WHEREAS, the Commissioners recognize that the Proposed 2012 Budget requires the use of \$410,900 of the \$3.6 million in unrestricted General Fund Equity projected to be available as of June 30, 2011; they support the recommendation of the Commission’s Chief Administrative Officer that unrestricted General Fund Equity not fall below a level of \$3 million; and they caution that use of unrestricted General Fund Equity at this level cannot be sustained and that program modifications will be necessary as the Commission prepares future budgets.

Ms. Stiller asked the panel whether the resolution as presented, including the additional “Whereas” clause read for the record by Ms. Bush, was acceptable to them. All responded affirmatively. Ms. Bush said that she would conduct the roll-call vote that is customarily taken for adoption of the budget.¹ Ms. Stiller requested a motion. Mr. Eaton moved for adoption. Lieutenant Colonel Secrist seconded his motion. Mr. Plonski noted that he would be attaching a condition (he used the term “stipulation”²) to his vote.

Ms. Bush proceeded with the roll-call: Ms. Stiller on behalf of Delaware voted “In favor.” Mr. Plonski on behalf of New Jersey stated, “New Jersey votes yes, with the stipulation that New Jersey reserves the right to suspend its quarterly payments to the DRBC if the Commission does not approve natural gas regulations at the September 2011 Commission Meeting.” Mr. Eaton on behalf of New York said “New York votes yes.” Ms. Heffner on behalf of Pennsylvania said “Pennsylvania votes yes.” Lieutenant Colonel Secrist on behalf of the Federal Government voted “Yes.” Resolution No. 2011-07 was thus approved by unanimous vote.

Resolution to establish a standing Committee on Budget and Finance. Ms. Stiller requested a motion to adopt the resolution to establish a standing Committee on Budget and Finance. Mr. Plonski so moved, and Mr. Eaton seconded his motion.

Ms. Bush advised the Chair that members of the public had requested to speak, and the Chair directed her to acknowledge them. Mary Ellen Noble of the Delaware Riverkeeper Network commented that the resolution mentioned little or nothing about the membership of the new committee. She asked whether the members would be representatives of the five signatory parties as appointed by the Commissioners. Ms. Bush responded by reading aloud the relevant portion of the resolution as follows:

BE IT RESOLVED by the Delaware River Basin Commission that a standing Committee on Budget and Finance of the Commission is hereby created, comprised of an alternate appointed by each member of the Commission.

¹ In accordance with the *Delaware River Basin Compact*, the amount required to balance the Commission’s annual “current expense budget . . . shall be apportioned equitably among the signatory parties by unanimous vote of the commission . . .” *Compact*, §13.3.

² In law “stipulation” refers to an agreement between the attorneys for opposing sides in a legal action. Mr. Plonski apparently used the term to mean “condition.”

Ms. Noble asked whether the members would be different from the alternate Commissioners currently sitting. The Commissioners over the phone affirmed that appointed (or in the case of the Federal Representative, *ex officio*) alternate Commissioners would also serve as members of the Committee on Budget and Finance.

Hearing no further comments Ms. Stiller called for a vote. On the earlier motion by Mr. Plonski, seconded by Mr. Eaton, Resolution No. 2011-08 establishing a standing Committee on Budget and Finance was unanimously approved.

Public Dialogue. Robert Molzahn of the Water Resources Association of the Delaware River Basin noted that the approved fiscal year 2012 budget contained a line item showing a transfer of funds from the Water Supply Storage Facilities Fund to the General Fund. He noted that during the previous calendar year, the Commission had approved a resolution to establish a Water Charges Advisory Committee³ and said he hoped that members of that committee would be invited and that the committee would be convened and begin its work.

Ms. Noble asked whether the Budget and Finance Committee was to be a “committee of the whole” and whether she was correct in assuming that its proceedings would not be open to the public. Ms. Bush explained for the benefit of the Commissioners that the *Delaware River Basin Compact* provides that meetings of the Commission are held in public, and the question concerned whether meetings of the Committee on Budget and Finance would likewise be public meetings. Mr. Plonski said that the members would proceed in accordance with any existing requirements, and Ms. Heffner agreed. Ms. Noble asked whether the Commissioners had a clear understanding of what these were. Mr. Warren explained that the Committee would consult with counsel at its initial meeting and make some decisions as to what aspects should be open to the public. He said that the Commissioners sitting as Commissioners will not make any decision requiring a vote or other determination other than in public, adding that the idea is for transparency in the operation of the Committee. The contours of public involvement have not yet been worked out.

Mr. Gore thanked the Commissioners for convening for this special meeting, particularly when some members were on vacation.

Lieutenant Colonel Secrist moved that the meeting be adjourned. Mr. Eaton seconded his motion and the Special FY-2012 Budget Teleconference Meeting was adjourned at approximately 1:15 p.m.

/s/ Pamela M. Bush

Pamela M. Bush, Esquire
Commission Secretary

³ Resolution No. 2010-9 “to amend the Administrative Manual, Part III, Basin Regulations – Water Charges relating to a Schedule of Water Charges” among other things authorized the Executive Director to create a Water Charges Advisory Committee.

A RESOLUTION to adopt the Commission's annual budget for the fiscal year ending June 30, 2012, (July 1, 2011 through June 30, 2012) and to apportion among the signatory parties the amounts required for the support of the Current Expense and Capital Budgets.

WHEREAS, in accordance with the Delaware River Basin Compact and the Commission's Administrative Manual, the Commission published its proposed current expense and capital budgets for the fiscal year ending June 30, 2012 and held a public hearing on the proposed budgets on March 2, 2011 at the West Trenton Fire Hall in West Trenton, New Jersey; and

WHEREAS, the proposed budgets published in advance of the public hearing contained revenue and expenses associated with anticipated natural gas development in the basin; and

WHEREAS, natural gas development will proceed in the basin only following the adoption of new regulations for this activity, which as of this date has not occurred. Accordingly, revenue and expenditures associated with natural gas development have been removed with the understanding that the fiscal year 2012 budgets will be modified at such time as the Commission takes action allowing natural gas development to proceed; and

WHEREAS, the Commissioners recognize that the Proposed 2012 Budget requires the use of \$410,900 of the \$3.6 million in unrestricted General Fund Equity projected to be available as of June 30, 2011; they support the recommendation of the Commission's Chief Administrative Officer that unrestricted General Fund Equity not fall below a level of \$3 million; and they caution that use of unrestricted General Fund Equity at this level cannot be sustained and that program modifications will be necessary as the Commission prepares future budgets; now therefore,

BE IT RESOLVED by unanimous vote of the Delaware River Basin Commission:

1. The Current Expense Budget of the Commission for the fiscal year ending June 30, 2012 in the aggregate amount of \$5,660,900 and a Capital (Water Supply Storage Facilities Fund) Budget providing for revenues of \$4,126,000 and expenditures of \$3,735,000, as set forth in the document dated June 28, 2011 and titled *Delaware River Basin Commission Current Expense and Capital Budgets for the Period July 1, 2011 through June 30, 2012*, are incorporated herein and are hereby approved and adopted.
2. Pursuant to Section 13.3 of the Compact, and subject to such review and approval as may be required by the budgetary processes of the signatory parties, there are hereby apportioned among the parties the following amounts, together with such other funds as may be available to the Commission for the support of the budget for the fiscal year ending June 30, 2012.

Signatory Party	Current Expense Budget	Groundwater Protected Area	Grand Total
Delaware	\$ 447,000	\$ -0-	\$ 447,000
New Jersey	893,000	-0-	893,000
New York	355,000	-0-	355,000
Pennsylvania	893,000	127,000	1,020,000
Federal Government	-0-	-0-	-0-
Total	<u>\$2,588,000</u>	<u>\$127,000</u>	<u>\$2,715,000</u>

- The Commission hereby appropriates for the support of the Fiscal Year 2012 Current Expense Budget the following anticipated revenue:

<u>SOURCE</u>	<u>ANTICIPATED REVENUE</u>
Transfer from Water Supply Storage Facilities Fund	\$1,958,000
Other Income	704,000
General Fund Equity	410,900
TOTAL	<u>\$3,072,900</u>

- To the extent that revenue received during fiscal year 2012 under any Federal or State grant-in-aid program exceeds the revenue budgeted from such sources, any such excess is hereby appropriated for the same uses and additional programs to which the excess is related.
- The Executive Director is authorized and directed to transmit to the principal budget officers of the respective signatory parties certified copies of the budget hereby adopted, together with a certified statement of the amount hereby apportioned to each signatory party, in accordance with the requirements of the Compact and Administrative Manual.
- Should signatory party revenue fall below the amount shown in paragraph 2 above, the Executive Director is authorized and directed to reevaluate the annual work plan and after consultation with and concurrence by the Commission, to implement any and all actions deemed appropriate to maintain the financial stability of the General Fund and accomplish the Commissioners’ work plan priorities. The Executive Director will notify the Commissioners in writing of any signatory party revenue shortfalls as soon as that information is available and will implement appropriate actions at the earliest possible date.

This Resolution shall take effect immediately.

/s/ Kathleen M. Stiller

Kathleen M. Stiller, Chairwoman *pro tem*

/s/ Pamela M. Bush

Pamela M. Bush, Esquire, Commission Secretary

ADOPTED: June 28, 2011

A RESOLUTION to establish a standing Committee on Budget and Finance.

WHEREAS, for the past several years governmental organizations have been confronted with a difficult economic environment; and

WHEREAS, the Commissioners and staff have a responsibility to maintain the Commission's financial stability and integrity notwithstanding the variety of financial challenges that we face; and

WHEREAS, it is the intent of the Commissioners to continue to exercise their duties, as set forth in the *Delaware River Basin Compact* to “[d]etermine the character of and the necessity for [the Commission's] obligations and expenditures and the manner in which they shall be incurred, allowed, and paid” (sec. 14.1(b)(2)), and to “annually adopt a capital and expense budget” (sec. 13.3), consistent with the provisions of the *Compact*; and

WHEREAS, the Commissioners believe that the formation of a new Standing Committee on Budget and Finance will facilitate the Commissioners' exercise of their financial duties; and

WHEREAS, the Committee will enhance the level of information available to the Commissioners and the accountability and transparency of the financial operations of the Commission; and

WHEREAS, the Committee will establish its own operating procedures, including the appointment or election of officers; and

WHEREAS, the Committee will regularly engage with the Commission's senior management, including its chief administrative officer on fiscal concerns; now therefore,

BE IT RESOLVED by the Delaware River Basin Commission that a standing Committee on Budget and Finance of the Commission is hereby created, comprised of an alternate appointed by each member of the Commission.

This Resolution shall take effect immediately.

/s/ Kathleen M. Stiller

Kathleen M. Stiller, Chairwoman *pro tem*

/s/ Pamela M. Bush

Pamela M. Bush, Esquire, Commission Secretary

ADOPTED: June 28, 2011