



Board of Commissioners

Senator Robert Singer, Chairman

P. G. Waxman, Vice Chairman

Raymond Coles, Treasurer

Anne Fish, Assistant Secretary

Craig Theibault, Commissioner

Samuel Flanbaum, Alt. Commissioner

Meir Lichtenstein, Alt. Commissioner

THE LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Regular Meeting Minutes

May 3, 2017

- I. Senator Singer opened the meeting at 10:00 A.M. in the Conference Room of the Lakewood Township Municipal Utilities Authority, 390 New Hampshire Avenue, Lakewood, New Jersey.
- II. It was announced that in accordance with Chapter 231, Public Law, adequate notice of this meeting was given and that a notice of this scheduled meeting was filed with the Township Clerk and posted in the Municipal Building in a place accessible to the public and by means of public notices in the Asbury Park Press on February 10, 2017 and The Tri Town News on February 15, 2017.
- III. **Salute to the Flag**
- IV. **Roll Call of Commissioners**
On a roll call the following Commissioners were present: Mr. Lichtenstein, Mr. Theibault, Mrs. Fish and Senator Singer. Mr. Lichtenstein was seated as an alternate. The following professionals and key personnel were present: Mr. Norman Smith, Esq., Mr. Gerwin Bauer Jr., Auditor, Mr. Justin Flanbaum, Executive Director, Mr. Daniel Rappoccio, CFO, Mr. Adam Ponsi, P. E., Mr. Robert Farina, Instrumentation Department Supervisor and Mrs. Nechama Lapa, Secretary.
- V. **Minutes**
A motion to approve the minutes of the Regular Meeting held on April 4, 2017, was made by Mrs. Fish and seconded by Mr. Theibault. On a **voice vote**, all members present voted, "**Aye**". **Motion carried.**

Mr. S. Flanbaum arrived at 10:01 A.M. Mr. Flanbaum was seated as an alternate.

Chief Financial Officer Report
 1. **Financial Results Review For April 30, 2017**
The Authorities net position for the period ending April 30, 2017 is approximately \$1.2 Million which is ahead of the budget by \$763,000.00. The Authority's operating revenues as of April 30, 2017 is \$5.4 Million which is approximately \$700,000.00 ahead of budget. This continues to be driven by non-recurring connection fees of approximately \$428,000.00. The Authority is ahead of the service revenue budget by \$256,000.00.

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The Authority's expenses through April 30, 2017 are \$4.2 Million. The expenses are slightly favorable to the budget by approximately \$55,000.00. Mr. Rappoccio said he compared this year's expenses to last year's. The expenses this year are slightly lower than last year. This is good. Mr. Rappoccio met and discussed this with Mr. J. Flancbaum

The Audit is near completion and Mr. Rappoccio and Mr. J. Flancbaum will meet the Finance Committee within the next two weeks. Mr. Bauer said that the State released around one and one half weeks ago the pension audit and the actuarial information for year ending June 2015. This information was needed to complete this audit. It did have a large drastic effect on this year's audit. The previous actuarial report showed that the Authority would have an additional \$200,000.00 in expense adjustment. It came out being that \$608,000.00 needs to be incorporated into this year's audit. This will be reviewed with the Finance Committee. Senator Singer asked if money has to be put aside for it. Mr. Bauer said the Authority has to agree with the liability. It will be paid to the Pension over a longer period of time. There will not be a cash outflow of \$608,000.00 this year. It will be paid over the next twenty to twenty five years. It depends on the retirees, their age etc. Mr. Rappoccio said he is going to research how this calculation was made being that it was such a drastic increase. Mr. J. Flancbaum had asked him to look into it.

2. **Motion to Approve Operating Voucher**

Mr. Rappoccio provided the commissioners and Mr. J. Flancbaum with a list of abstentions. A **motion** to approve operating vouchers in the amount of \$1,032,414.94 was made by Mr. Theibault, seconded by Mrs. Fish. On **roll call**, all members present voted, "**Yes**" **with noted abstentions. Motion Carried.**

Senator Singer asked if research was done where the funding will come from for the anticipated construction. Was the Bond Counsel given information to work on? Mr. Rappoccio said he has not spoken yet to the Bond Counsel but he has contacted NJEIT. Senator Singer said that he should call the Bond Counsel and let them know that the Authority is starting to work on it. You have to use a Bond Counsel for NJEIT. Mr. J. Flancbaum said yes, a Bond Counsel is needed. Senator Singer said he would like to get a handle on the cost factor. The Authority has a surplus of funds that will not be expended on the projects, so as long as a surplus balance is kept there should not have to be a rate increase. Mr. Rappoccio said the cost for the addition will be \$2 Million. Senator Singer questioned the amount. Mr. J. Flancbaum said the estimate on the addition is \$1.5 Million plus more funds are needed for one of the two large sewer projects that are being done. The total amount to borrow from the NJEIT is about \$3.5 Million to \$4 Million. The terms are very favorable. Senator Singer said you cannot borrow any cheaper. Mr. Bauer said that the reason for the increase is to meet the bond covenants. Senator Singer said that an increase is not needed as long the Authority is solvent and has surplus money. Mr. Bauer said you have to have a rate increase as long as you have Bond Debt Service. You cannot use your surplus. A conversation ensued. Mr. Bauer said the Authority is very tight on the sewer side; we are just almost breaking even. We have to watch the allocation of expenses to get it to work every year. This is one of the reasons an increase is needed on the sewer side. In the past, all the increases were on the water side. Senator Singer asked what is the cost of the Authority's sewer rate compared to New Jersey American Water Company sewer rate. Mr. J. Flancbaum said the Authority's sewer rate is much lower. Senator Singer said as long as the rate will be less than them, he is okay with it. Senator Singer reminded to reach out to the Bond Counsel to get them working on it. Mr. J. Flancbaum said yes, he will reach out to them. It was clarified that the Finance Committee is the same as the Budget Committee.

3. **Resolution For Retired Health Benefits**

One of recent retirees, Daniel Terry, will be continuing his dental and vision benefits through the Authority. He has to pay the premiums up front. Mr. Terry has provided payment for this year's premiums. As per the Authority's Rules and Regulation a resolution needs to be passed. Mrs. Lapa read **Resolution #17-55 Authorizing Execution Of Contract**. Motion was made by Mr. Lichtenstein, seconded by Mr. S. Flancbaum. On **voice vote**, all members present voted, "**Aye**". **Adopted**.

VI. **Engineer's Report**

Senator Singer wished congratulations to Mr. Ponsi on his marriage. All the commissioners wished him and his bride congratulations.

1. **East County Line Road 4 Lot Subdivision (aka Emerald Court)**

Resolution Reducing Performance Guarantees

On March 29, 2017 a request was put in for a bond reduction. GTS generated a punch list on April 10, 2017. The Authority issued a letter on April 18, 2017 detailing the amount the bond will be reduced. The Authority may reduce the Performance Bonds based on the Authority letter dated April 18, 2017. Mrs. Lapa read **Resolution #17-56 Reducing Performance Guarantees East County Line Road 4 Lot Subdivision**. Motion was made by Mr. Theibault, seconded by Mrs. Fish. On **voice vote**, all members present voted, "**Aye**". **Adopted**.

2. **Vermont Avenue Water Main Extension**

Resolution Awarding Professional Services Contract

The Township has informed the Authority that they are looking to extend Vermont Avenue from Route 70 to Chestnut Street. This is the end of the Authority's service area on Chestnut Street. It will be more cost effective to extend the water line with the Township. It will save on engineering costs and bid costs. A proposal was received from Remington Vernick & Vena on April 27, 2017 in the amount of \$17,200.00. This includes engineering services for design through inspection. Mrs. Lapa read **Resolution #17-57 Awarding Professional Services Contract Without Public Bidding Pursuant To N.J.S.A. 40A:11-4.1 et seq.** Motion was made by Mr. Theibault, seconded by Mr. S. Flancbaum. On **voice vote**, all members present voted, "**Aye**". **Adopted**.

3. **New Hampshire Avenue & Healthcare Way Apartments (EZ Storage Site)**

Resolution Granting Final Approval

On April 6, 2017 the Authority received the final application package for the project. On April 27, 2017 GTS issued a final review letter. Final Approval can be granted based on the GTS letter. Senator Singer asked if all the requirements that GTS recommended was done. Mr. Ponsi said that this is standard practice that letter is issued with a list of recommendations. Senator Singer said he does not want to go with standard practice with them. It has to be taken care of before granting final approval. Senator Singer questioned who the developer is. Mr. J. Flancbaum said it is Mr. Tajfel. Senator Singer said that when everything is taken care of, it can be brought up again for discussion. There are major issues with this developer.

VII. **Attorney's Report**

Mr. Smith said he will give a summary of 3 minor technical litigations.

1. Tuscany II Property Condemnation – The owner of the property, Ms. Laurie Leeds, has not filed an answer to the Authority's complaint. Ms. Leeds was able to get the judge to agree to give her until April 28, 2017 to hire an attorney. Mr. Smith said he has not heard from an attorney. Currently there is a return date of Friday, May 12,

2017 for an Order to Show Cause. He expects it to be granted at that time. He has not heard from Ms. Leeds and you never know what you will hear from her. Senator Singer asked if the judge extends it again can you appeal the judge's decision. Mr. Smith said he cannot. You can appeal the judge's decision but by the time the Appellate Division hears it, it can be well down the line. But right now she had until April 28th to hire an attorney and have the attorney file an appearance on the case. But it has not happened. Mr. Smith anticipates that the May 12th return date will be honored by the judge. He objected vehemently last time but the judge said she will give Ms. Leeds an extension.

2. Meisels – BNB Land Property Condemnation – Mr. Smith said he did not file yet. The title search was just received. On Monday Mr. Smith met with Mr. Ponsi to clarify the ownership of the property. Mr. Smith will file an Order to Show Cause by the end of the week.
3. Ronald White – 1874 Lanes Mill Road – This is a collection case for a little over \$2,000.00. The complaint has been filed in Special Civil Court. The defendant has until June 9, 2017 to file an answer. Senator Singer wanted to know what this is about. Mr. J. Flancbaum said about a year and half ago, he connected a water line to the Authority. As done with many customers on individual residences, a payment plan for the connection fees are set up. He paid for the first few months and then he stopped paying. A series of letters was sent to him over the last five to six months. Mr. White never responded. The last letter said if you do not respond, this file will be turned over to the attorney for collections.

VIII. Executive Director's Report

Mr. J. Flancbaum wanted to inform the Commissioners that the management and employee transition went very well over the past couple of years. Mr. Robbins, Mr. Diaz and Mr. Ponsi stepped up to the plate and have taken over the new positions very well. Mr. J. Flancbaum wanted to thank them for doing a good job. Senator Singer asked Mr. J. Flancbaum to tell the commissioners the new job title. Mr. J. Flancbaum said that Mr. Robert Farina is now Director of Operations. Mr. Harry Robbins is the Operations Manager and signing licensed operator on the distribution system and collection system. Mr. Fred Diaz is the Assistant Operations Manager and the signing licensed operator on the treatment system. Mr. Adam Ponsi is the Authority Engineer. Senator Singer congratulated them all and thanked them.

1. Resolution Authorizing the Execution of Shared Services Agreement with the Township of Lakewood for Radio Communications

The Authority's two way radio system is in need of upgrading. Vendors were contacted to have a new transmitter on the New Hampshire Avenue site. One of the vendors that were contacted is actually the same vendor that works with the Lakewood Police Department and Public Works. They told us that they can add a talk through on the Public Works' transmitter. It would be two completely separate systems. In the event of an emergency, the supervisors of both entities would have the capability to communicate. The cost to do so would be considerably less than installing our own transmitter on site. The Township has already passed a resolution accepting a Shared Services Agreement. The Mayor has signed it. Mr. J. Flancbaum would like to present a resolution that would allow the Authority to authorize execution of the agreement. Mrs. Lapa read **Resolution #17-58 Authorizing The Execution Of A Shared Services Agreement With The Township Of Lakewood**. Motion was made by Mr. S. Flancbaum, seconded by Mr. Theibault. On a **roll call**, Mr. S. Flancbaum, Mr. Theibault, Mrs. Fish and Senator Singer voted, "**Yes**". Mr. Lichtenstein abstained. **Adopted**.

2. Resolution Awarding Contract for Landscape Maintenance Services for 2017 Season

On Monday, May 2, 2017 a RFP Opening was held for Landscaping Maintenance Services for 2017. One proposal was received. It was from Meticulous Landscaping in the amount of \$3,285.00 per month. The Authority has been using them since 2014. It is the same price that they have charged since then. They have done a good job and Mr. J. Flanbaum recommends approval of the contract. Mrs. Lapa read **Resolution #17-59 Awarding Contract For Landscape Maintenance**. Motion was made by Mr. Theibault, seconded by Mr. S. Flanbaum. On a **roll call**, Mr. Lichtenstein, Mr. S. Flanbaum, Mr. Theibault and Mrs. Fish voted, "**Yes**". Senator Singer abstained. **Adopted.** Senator Singer explained that the reason he is abstaining is because this company is doing work for him by his house, which he is paying for. Mr. Theibault asked if this landscaping company is being paid under prevailing wage. Mr. J. Flanbaum said no, landscape maintenance is exempt from prevailing wage. It is one of the few items that are exempt.

Mr. J. Flanbaum wanted to mention that the hydrant flushing was cut short this year. Phase I was done. The water quality over the last couple of years has been very good. Samples were taken from hydrants in all the seven phases. The results came back very good. It was felt that this year because of all the transitions in management and personnel as long as the water quality looked good we can stop after Phase I. The Authority will continue with the hydrant flushing program next year. Senator Singer asked Ms. Gaynor if complaints of brown water were received. Ms. Gaynor said she has not received any. Mr. J. Flanbaum said that since the New Hampshire Avenue Water Treatment Plant upgrade the water quality has been very good. Senator Singer asked if the Authority is still going ahead with the Leak Detection Survey even though the drought warning was lifted. Mr. J. Flanbaum said he has not heard that it was lifted. Senator Singer said it was on the radio. He also saw on Channel 12 the different counties that had the drought warning lifted. Ocean County was mentioned. Senator Singer said that he thinks the survey should be done anyway. We should check to see if there are leaks in the system. If there is a leak it can be corrected. Mr. Theibault said he thought we should also go ahead with it. Mr. Theibault asked if water is pumped back down in the winter months. Mr. J. Flanbaum said yes, it is done with two wells.

IX. Instrumentation/IT Department Report

1. SCADA Report

The SCADA system is undergoing some modifications and additions to its filter backwashing programming due to some valve issues at both plants and some operational issues as well.

2. Process Valve Replacement – NH Ave WTP/Shorrock St. WTP

A valve replacement program has begun at the New Hampshire Avenue Water Treatment Plant due to the current pneumatic valves that are starting to become unreliable and causing issues with the automatic backwash sequence necessitating personnel to have to monitor the backwashing process. This is being witnessed at the Shorrock Street Water Treatment Plant as well. There are several valves on order that were budgeted for. We will have to budget for the total replacement of all the valves over the next several years. We will replace the most critical ones first. We are changing over from pneumatic type of valve, which is air operated, to a more reliable electric operated valve. This will eventually allow us to get rid of the process air compressors and the plumbing associated with it. The current valves at the Shorrock Street Water Treatment Plant are older. We are getting by so far with making adjustments to them.

However at the New Hampshire Avenue Water Treatment Plant, the valves are of a lower quality and do not afford us the ability to adjust them. When they start misbehaving they have to be replaced.

3. Well #15 Status

Well No. 15 is up and running and back to pumping water with its new submersible well pump and motor installed. All the heavy electrical equipment was moved from the outdoor panel into the new building placed there around two years ago. Everything is running well there.

4. Wooden Pole Work Report

The wooden poles were successfully removed and reinstalled at the Well No. 2 and Well No. 3 well sites. Now we can safely move forward with completing the microwave radio installations at those locations.

5. New Hiring Report

We have hired our Plant Mechanic and our final Laborer/Field Representative. The Plant Mechanic comes to the Authority as a well-seasoned individual with a skill set above and beyond our initial set requirements, such as welding and machine shop skills. Senator Singer asked if equipment will have to be bought now that we have a mechanic on staff. Mr. Farina said the plan is that as the job presents itself, we will look at equipment and purchase what is needed.

Mr. Theibault wanted to understand the valve replacement mentioned earlier. The valves are being replaced with an electric valve. What happens if there is an electrical surge or lightning strikes? Will they still operate? Mr. Farina said all facilities are protected by lightning protection that was installed shortly after the upgrade at the Water Treatment Plant. The facilities are protected as much as we can be with regard to lightning protection. Should there be a power failure, the Authority has large generators that supply the whole compound. Mr. Lichtenstein asked if the valve is manual and controlled electronically or is it actually an electronic valve. Mr. Farina said the SCADA System will control the valve but under a SCADA failure we can go in there physically and manually open and close it.

IT Status Report:

6. DHS/JIF Training

Our IT Coordinator, Mr. McBride, attended training sessions with Department of Homeland Security and JIF in order to receive a fundamental understanding of our Cyber Security Liabilities. It is becoming a larger problem day to day. The Authority's firewalls are of the latest and greatest and we are doing everything that could possibly be done to prevent security breaches.

7. Mobile Software Support

The IT Coordinator is also working on a proposal for Mobile Device Management software that is used to protect our mobile and tablet devices.

8. Active Shooter Training Report

The Active Shooter Training Session has been completed for all Authority personnel.

9. Critical Infrastructure Analysis Report

Part 1 of our Critical Infrastructure Security Analysis with NJ Department of Homeland Security is completed and Part II was re-scheduled once again and is due to take place in mid-May.

- 10. Meter Billing Software Status**
Our meter billing software replacement is still in review. Our IT Coordinator is in the process of contacting other MUA's that are using systems that are on-line versus on-site. Based on the research and his knowledge we will have a better understanding of which will be better for the Authority.
- 11. GIS Flushing Report**
Our GIS specialist has collected data with his distributed tablets during our abbreviated flushing season this year. It was comprised of 144 flushed hydrants, 81 valves operated and about 1.5 million gallons of water flowed. Data from these appurtenance exercises will now be entered into the GIS data base for future use and reference.
- 12. GIS Software Purchase**
We will be releasing the RFP very soon regarding the GIS software acquisition that will enable the improvements and further developments of our GIS System.
- 13. GSI Software Beta Testing Report**
The GIS software vendor Esri has announced a new Utility Network Model that will be useful in further GIS development. We are trying to become an early release tester of this technology. Being involved in early testing will enable our organization to have more input into the vendor's final product and gives us an advantage of becoming familiar with the product prior to everyone else. This has come about through the efforts of our GIS Specialist, Mr. McClain.
- X. Closed Session**
Senator Singer asked for a closed session to discuss personnel. The meeting went into closed session at 10:33 A.M. Mrs. Lapa read **Resolution #17-60 To Go Into Closed Session**. Motion was made by Mr. S. Flancbaum, seconded by Mr. Lichtenstein. On a **voice vote** all members present voted "**Aye**". **Adopted**.
- XI. Open Session**
A motion was made by Mr. Lichtenstein, seconded by Mr. S. Flancbaum at 10:43 A.M. to go back into open session. On a **voice vote** all members present voted "**Aye**". **Motion carried**. Senator Singer said that personnel was discussed and will be released at the time of the action.
- XII. Commissioners' Report**
- XIII. Meeting Open To The Public**
- XIV. Meeting Closed To The Public**
- XV. Adjournment**
A motion was made by Mr. Lichtenstein, seconded by Mr. S. Flancbaum to adjourn meeting. On a **voice vote**, all members present voted, "**Aye**". The meeting was adjourned at 10:44 A.M.

Respectfully submitted,

Nechama Lapa,
Secretary, LTMUA