



Board of Commissioners

Senator Robert Singer, Chairman

Raymond Coles, Vice Chairman

Anne Fish, Treasurer

Samuel Flancbaum, Assistant Secretary

Michael Sernotti, Commissioner

Craig Theibault, Alt. Commissioner

P. G. Waxman, Commissioner

THE LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Regular Meeting Minutes

June 7, 2016

- 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 9, 2016 and The Tri Town News on February 11, 2016.
- III. **Salute to the Flag**

Senator Singer asked for a moment of silence in memory of Anthony DePaola, Chairman of Berkeley MUA. He passed away this weekend. He was a good friend to the Authority and to Mr. J. Flancbaum.
- IV. **Roll Call of Commissioners**
On a roll call the following Commissioners were present: Mr. S. Flancbaum, Mr. Sernotti, Mr. Waxman and Senator Singer. Mr. S. Flancbaum was seated as an alternate. The following professionals and key personnel were present: Mr. Norman Smith, Esq., Mr. Gerwin Bauer Jr., Auditor, Mr. Justin Flancbaum, Executive Director, Mr. Daniel Rappoccio, CFO, Mr. Paul Morrill, 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 May 3, 2016, was made by Mr. Waxman and seconded by Mr. Sernotti. On a **voice vote**, all members present voted, "**Aye**". **Motion carried.**

Mr. Ray Coles arrived at 10:02 A.M.
- VI. **Chief Financial Officer Report**

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

390 NEW HAMPSHIRE AVENUE, LAKEWOOD, NEW JERSEY 08701

PHONE (732) 363-4422 | FAX: (732) 905-0712 | WWW.LAKEWOODMUA.COM

1. **Financial Results Review For Period Ending May 31, 2016**

The Authorities net position for the period ending May 31, 2016 is approximately \$1.6 Million which is approximately \$1.4 Million ahead of the Year to Date Budget. The Authority's operating revenue through May 31, 2016 is approximately \$6.2 Million which is approximately \$1.4 Million ahead of the revenue budget. The higher revenue is being driven by two items. One item is the residential and industrial service fees. The service fees are approximately \$663,000.00 ahead of budget. In a discussion held with Mr. J. Flancbaum yesterday, we are starting to see that the new meter system is driving the increase in the revenue. It has been two years since the new metering system has been up and running and the Authority sees the impact and we are not into the irrigation months yet. This is a positive sign. Senator Singer said that there are still another 1700 meters to be installed soon. The Authority invested money and now it is coming back. This shows how inaccurate the old meters were and the problem that was had with the old system. If someone tampers with the reading, the Authority will find out with this new system. In the past meters were being disconnected and the Authority had no way of knowing. The second item that is driving the revenue higher than budget is the non-recurring connection fees. They are approximately \$700,000.00 ahead of budget. Senator Singer said that the Authority is taking the non-recurring connection fees and using those monies for capital budget, which are non-recurring. Now the Authority is not bonding. Most of the Woodlake Project is paid mostly from these funds. The Authority is using the money wisely, not for Operating Expenses but for Capital Expenses. Mr. Rappoccio also wanted to mention one more item with regard to connection fees. This May alone the Authority had forty three new connections, mainly from Cedarwood Hills. They had twenty four connections and Vine Grove had nineteen connections. The Authority's expenses through May 31, 2016 are relatively right on budget. The Authority is slightly behind by \$11,000.00 which is great. The Authority is doing a great job managing the expenses.

2. **Motion to Approve Operating Vouchers**

Mr. Rappoccio emailed a list of abstentions to Mr. J. Flancbaum the day before the meeting. There is one addendum item. It is for CME Associates in the amount of \$1,012.50. It was received late in the day. The new Operating Expense total being requested for approval is \$1,248,374.22. A **motion** to approve operating vouchers in the amended amount of \$1,248,374.22 was made by Mr. Coles, seconded by Mr. Waxman. Senator Singer said that from now on he will need to abstain on Hatch Mott MacDonald's vouchers. Mr. Smith announced that the record should reflect that all the commissioners are abstaining from any of the recorded conflicts and abstentions. On **roll call**, all members present voted, "**Yes**" with noted abstentions. **Motion Carried.**

Mr. Rappoccio wanted to discuss two more items. At last month's meeting Senator Singer asked to look at the Ocean County Board of Health's medical insurance. They have their medical insurance with the Health Insurance Fund. Mr. Rappoccio reached out to them and also Conner Strong. Conner Strong did a study for the Authority to research what would be beneficial, either to stay with the State Health Benefits Program or the Health Insurance Fund. The State's plan has the same premium for everyone. The way the Health Insurance Fund works is the cost is based on each participant. Some of the negative impact is that the Authority is a small group. We currently have around twenty four participants in health insurance. The other impact on the study was a census of historical claims as well as census of age and gender. The group's age had an impact on the cost. Conner Strong could not recommend us to go with the Health Insurance Fund. Senator Singer said that the Authority could go in with the Township and then be part of a large group. Mr. Rappoccio said that they did not do the

study if Authority would be part of the Township. Mr. Rappoccio said he did not ask to do a new calculation of the Authority combined with the Township. Looking at the Authority and the Township separately it was beneficial to stay on the State plan. Senator Singer said that for the next year look at the cost if the Authority would be part of the Township. Mr. Coles feels confident that it could happen with the Township. Mr. Rappoccio said he will do it.

The next item Mr. Rappoccio wanted to discuss is the Pension. This morning, via email, he received a notice that the sixth increase in pension contribution will be taking place on July 1, 2016, related to Chapter 78. There will be eight total increases over a seven year period which will end in July 2018. With the first paycheck in July this year the pension will increase from 7.06% to 7.2%.

Senator Singer said that with next year's budget he would like a line item for overtime. This way we can see how much we can spend on overtime and see if we are exceeding the amount.

VII. Engineer's Report

1. Magnolia I

- Resolution Accepting Terms of Developer's Agreement
- Resolution Granting Final Approval

Schedule B is in the packet. Senator Singer asked if there is anything that needs to be brought to the commissioners' attention. Mr. Morrill said no, it is straight forward. Mrs. Lapa read **Resolution # 16-72 Authorizing The Execution Of The Developer's Agreement Magnolia I**. Motion was made by Mr. Coles, seconded by Mr. Sernotti. On a **voice vote**, all members present voted, "**Aye**". **Adopted**. There is a letter in the packet from T&M Associates dated May 26, 2016 granting final approval. Final approval is contingent on meeting all those items. Mrs. Lapa read **Resolution # 16-73 Grant Of Final Approval Magnolia I Subdivision**. Motion was made by Mr. Coles, seconded by Mr. Sernotti. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

2. Magnolia II

- Resolution Accepting Terms of Developer's Agreement
- Resolution Granting Final Approval

This project is almost adjacent to Magnolia I. The terms of the Developer's Agreement are in the packet and similar to Magnolia I's. Mrs. Lapa read **Resolution # 16-74 Authorizing The Execution Of The Developer's Agreement Magnolia II**. Motion was made by Mr. Waxman, seconded by Mr. Coles. On a **voice vote**, all members present voted, "**Aye**". **Adopted**. Final approval is contingent upon the items in a letter from T&M Associates dated May 26, 2016 being addressed. Mrs. Lapa read **Resolution # 16-75 Grant Of Final Approval Magnolia II Subdivision**. Motion was made by Mr. Coles, seconded by Mr. Sernotti. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

3. New Hampshire Avenue School and Dormitory

- Resolution Granting Conceptual & Technical Approval (Sewer Only)

Approval is contingent upon T&M Associate's letter of June 3, 2016. This approval is for sewer only because the applicant wants to get their TWA Permit and the Authority only got the plans on June 1, 2016. It was reviewed it within two days. There was not enough time to review the water portion. Senator Singer explained that they are applying for a State permit. To get the permit they needed the approval expedited. The

approval for the sewer was expedited. They do not need the approval from the State for the water. When the water portion is reviewed they will get approval for the water. Mrs. Lapa read **Resolution # 16-76 Grant Of Conceptual And Technical Approval New Hampshire Avenue School And Dormitory (Sewer Only)**. Motion was made by Mr. Waxman, seconded by Mr. Coles. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

4. **Locust 48 Lot Townhouse**

- Resolution Reducing Performance Guarantees

In the packet there is a letter from the Authority dated May 27, 2016 detailing the terms for the reduction of the guarantees. Mrs. Lapa read **Resolution # 16-77 Reducing Performance Guarantees Water And Sanitary Sewer Systems Locust 48 Unit Development**. Motion was made by Mr. Coles, seconded by Mr. S. Flancbaum. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

5. **Quick Chek Cedar Bridge Avenue**

- Resolution Reducing Performance Guarantees

In the packet there is a letter dated May 31, 2016 which details the terms for the reduction of the guarantees. Mrs. Lapa read **Resolution # 16-78 Reducing Performance Guarantees Water And Sanitary Sewer Systems Quick Chek Cedar Bridge Avenue**. Motion was made by Mr. Waxman, seconded by Mr. Coles. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

6. **Well #1, #3, & #5 Building Rehabilitations**

- Resolution Awarding Change Order #2 (Sewer Laterals Wells #1 & #3)
- Resolution Releasing Retainage (Sewer Laterals Wells #1 & #3)

This Change Order is a no cost to the Authority. The Authority is deducting \$460.00 from the contractor's payment and paying Sudler Development \$460.00 to replace the sign that the contractor destroyed. Mrs. Lapa read **Resolution # 16-79 Authorizing Change Order No. 2 Wells 1, 3, And 5 Building Rehabilitations**. Motion was made by Mr. Waxman, seconded by Mr. S. Flancbaum. On a **voice vote**, all members present voted, "**Aye**". **Adopted**. The releasing of retainage is conditioned on the letter detailing those requirements before it can be released. Mrs. Lapa read **Resolution # 16-80 Release Of Retainage Wells 1, 3, And 5 Building Rehabilitations**. Motion was made by Mr. Coles, seconded by Mr. Waxman. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

7. **Flushing Hydrant Installations**

- Resolution Awarding Change Order #2
- Resolution Releasing Retainage, Releasing Performance Guarantee and Accepting Maintenance Guarantee

Change Order No. 2 is in the amount of \$1,754.00. This is also for final payment for the project. Mr. Waxman asked Mr. Morrill if he recommends it. Mr. Morrill responded yes. Mrs. Lapa read **Resolution # 16-81 Authorizing Change Order No. 2 Flushing Hydrant Installations**. Motion was made by Mr. Sernotti, seconded by Mr. Waxman. On a **voice vote**, all members present voted, "**Aye**". **Adopted**. Mrs. Lapa read **Resolution # 16-82 Release Of Performance Guarantee, Accepting Maintenance Guarantee And Releasing Retainage Flushing Hydrant Installation**. Motion was made by Mr. Waxman, seconded by Mr. Coles. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

8. **Gravity Sanitary Sewer for the Abandonment of the Woodlake Pump Station**

- Resolution Awarding Change Order #8
The Change Order is in the amount of \$46,109.00. This is mostly for pavement modifications. Mr. Waxman said that this is a huge amount. Mr. Morrill said there was a very small amount of pavement in the budget. In order to make the repairs it came to this amount. Senator Singer said that part of the problem is that there are a lot of questions as to what the Authority disturbed and what did not disturb. The project has to be made whole. It became very difficult because part of the pavement was in poor shape. The Authority got stuck in it. Mr. Waxman asked if they can be asked to contribute. Senator Singer said they did. They wanted the Authority to do the whole parking lot. The Authority will not do that. More than the area that was disturbed needed to be redone otherwise it would not have blended in right. Mr. Waxman asked Mr. Morrill if he recommends it and Mr. Waxman said yes. Senator Singer said this is being done because the Authority was disruptive in the apartment's parking lot. Mr. Waxman said that they are the main beneficiary. Senator Singer said they are not benefitting at all. They are existing customers. The alternative was to repair the pump station at around two thirds of the cost of what this project costs. It would not have made sense to do that. Mrs. Lapa read **Resolution # 16-83 Authorizing Change Order No. 8 Abandonment Of The Woodlake Pump Station**. Motion was made by Mr. Sernotti, seconded by Mr. Coles. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

9. Somerset Run

- Resolution Accepting Terms of Developer's Agreement (Rescinding Previous Agreement)
Schedule B was included in the packet. Mrs. Lapa read **Resolution # 16-84 Authorizing The Execution Of The Developer's Agreement Somerset Run**. Motion was made by Mr. S. Flancbaum, seconded by Mr. Coles. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

VIII. Attorney's Report

Mr. Smith said that Mr. J. Flancbaum has diligently negotiated a purchase power agreement which Mr. Smith recommends entering into. The agreement is with an electric supplier using photovoltaic cells. This is a federally regulated agreement and pursuant to the federal agency that governs power purchase agreements. This is a standardized agreement. This resolution will be adopted orally at this time. Tomorrow Mr. Smith will have the resolution. Mrs. Lapa read **Resolution # 16-85 Authorizing Entry Into A Power Purchase Agreement**. Motion was made by Mr. Sernotti, seconded by Mr. Coles. On a **roll call**, all members present voted, "**Yes**". **Adopted**. Senator Singer said that he wants the solar project done. The reason why he is pushing this is because he is concerned that when the construction starts everyone around here will be up in arms. This has to be signed, sealed and delivered to us. This has been in the works for a very long time. He knows it's going to happen. Mr. Smith said it is ready to go.

Mr. Waxman asked if a letter was sent to the County regarding the traffic situation here. Mr. J. Flancbaum said yes. It was sent out yesterday. Mr. Waxman asked if a copy can be sent to the commissioners.

IX. Executive Director's Report

1. **Resolution Awarding Contract To Gavan General Contracting, Inc. For Relocation Of The Control Room At The Shorrock Street Treatment Plant**

A Request For Proposal Opening was advertised on the Authority website. The opening was held on May 17, 2016. No one attended and no proposals were received at the opening. Subsequent to the opening the Authority received a proposal from Gavan General Contracting in the amount of \$32,270.00. The proposal was reviewed. The price seems fair and reasonable and it represents the plan. Mr. J. Flancbaum recommends awarding this contract to Gavan General Contracting. Senator Singer asked why the control room is being moved. Mr. J. Flancbaum said that the existing control room, the RTU Scada System, is in the lab room. There is moisture in the room and is exposed to the fire sprinkler line. Now, there will be a control center in the plant. The equipment will be relocated to this area. It will be more secure and prevent damage. Mrs. Lapa read **Resolution # 16-86 Awarding Contract For Relocation Of The Control Room In The Shorrocks Street Treatment Plant.** Motion was made by Mr. Coles, seconded by Mr. Sernotti. On a **roll call**, Mr. S. Flancbaum, Mr. Sernotti, Mr. Coles, and Senator Singer voted, "**Yes**". Mr. Waxman abstained. **Adopted.**

2. Resolution Awarding Contract To Source Power And Gas For Electricity Supply Services

On May 24, 2016 a reverse auction was conducted for procurement of electricity for the New Hampshire Avenue Complex. The lowest price was received from Source Power & Gas for 7.438 cents per kilowatt hour. This is for a six month contract as the Authority is expecting to be producing electricity from the solar field after that. Compared to the JCP&L tariff, this price will provide the Authority a savings of approximately \$8,000.00 or twelve percent over the course of six months. This resolution is ratifying the award. Last month at the Board's meeting a resolution was passed authorizing the Authority to enter into a contract with the lowest bidder. Mrs. Lapa read **Resolution # 16-87 Awarding Contract For Electricity Supply Services.** Motion was made by Mr. Waxman, seconded by Mr. Coles. On a **voice vote**, all members present voted, "**Aye**". **Adopted.**

3. 2016 Consumer Confidence Report

The postcard notifying the customers that this years' CCR is available on the website is in print and will be mailed well in advance of the July 1st deadline. Mr. Waxman questioned if this can be put on the bills to avoid a separate mailing. Mr. J. Flancbaum said that the State requires a post card to be sent out informing that the CCR is available on the website. If people call requesting a hard copy, a hard copy is mailed to them. Also hard copies are kept in the lobby for the customers.

4. Backflow Prevention Tester Certification

The Authority is sending one of the personnel to become certified in backflow prevention testing. The State requires that all backflow prevention devices are tested quarterly by a certified tester and the results of the quarterly tests are sent to the DEP on an annual basis. Previously, the Authority has outsourced this service at a cost of approximately \$4,000.00 per year. This was Mr. Robbins idea. He did some research and the State said that we can. Once our own staff is certified we can possibly do this for our customers that have backflow prevention devices for a fee. So this is a win-win situation all around. Senator Singer said he would like for next meeting a recommendation for the person that is getting certification to get additional compensation for it. Senator Singer said he would like to encourage the employees to get more licenses.

5. Water Master Permit Update

Mr. J. Flancbaum has very good news. At last month's meeting the Authority entered into a retainer agreement with Mr. Mike Gross regarding the 2015 Water Master Permit

Update. On May 6, 2016 the Authority received a letter from the NJ DEP indicating that they will be approving our 2015 master permit. The Authority did not end up utilizing his services. Mr. Waxman asked if he had to be paid. Mr. J. Flancbaum said no. Senator Singer said a thank you note should be sent to the State thanking everyone for working on it and for being cooperative. Mr. Waxman asked if Mr. Gross knows about this. Mr. J. Flancbaum said yes.

Agenda Addendum

6. Hydrant Flushing

The hydrant flushing is completed for the year.

7. Summer Interns – Hydrant Painting

The Authority will be hiring two summer interns to do some maintenance during the summertime, mainly the painting of the fire hydrants. The hydrants were not painted for a few years.

X. Instrumentation/IT Department Report

1. Remaining Remote Station Antenna/Radio Update

The Authority's tree service contractor came with their tower bucket to be used to obtain a line of sight view to our towers so we can scope out where the pole placement will need for the Well No. 2 and Well No. 3 sites. These poles will provide microwave radio service there. This effort along with the radio contractor's remediation of the Leisure Village East and Well No. 1 radio sites will complete our install work with microwave radios once these stations are completed. The Authority will be utilizing the poles that the Authority already has. This will subtract from any further expenses that will be had to put the radios in the air and will reduce the overall cost.

2. Camera/Card Key Access Update

On May 18, 2016 Mr. J. Flancbaum, Mr. McGregor and I attended a seminar regarding securing critical infrastructure. As a result, we were able to arrange meetings from various representatives regarding practical surveillance camera and card key access solutions. There has been talk for quite some time regarding acquiring surveillance cameras. It actually paid off in the long run. By waiting all this time the Authority has been enabled to spend less money on cameras and the software has become more sophisticated. The video taken can be manipulated. They now produce better quality videos for less cost than the expensive cameras from the past.

3. Well Nos. 1, 3 & 19 Status Update

The Operations, Technical Operations and Engineering Departments have been working without pause to identify any punch list items and/or deficiencies and errors having to do with the construction so that we may close out this project and resume station pumping operations prior to experiencing the seasonal heavy water demand on our system.

IT Status Report

4. Timeout Software Update

TimeOut-HR Software implementation phase two, Time Clock, is in progress.

5. Switchover to Windows 10 Update

Rollout Windows 10 upgrades on the desktops in the Administration and Operations Buildings are in progress. We are looking for a June completion. This is ahead of the deadline that would require payment for the upgrade.

6. Security Systems Status

Completion of the security monitoring switchover from Secure All to Reliable Safety is in progress. This will be completed in June. The installation of security alarms at the Authority's last remote locations including Leisure Village East, Beacon Hill Tank and Wells No. 1, 3 and 19 will be completed.

XI. Commissioners' Report

Senator Singer said that he spoke with Mr. J. Flancbaum regarding the Annual Reorganization Meeting. Senator Singer said that the Authority is getting large and having a luncheon is expensive so next meeting will be at the regular time of 10:00 A.M. and will have coffee, danish and bagel. Senator Singer asked if the commissioners are okay with this. They were okay with it.

XII. MEETING OPEN TO THE PUBLIC

XIII. MEETING CLOSED TO THE PUBLIC

Senator Singer said he is concerned with what will happen over the next year with regards to the traffic and parking situation. There does not seem to be enough parking for the office building and across the street there will be playground areas. The Authority property is not a parking lot or playground area and it cannot be allowed. Also for insurance purposes it cannot be allowed. This has to be monitored so it will not become a problem for the Authority. Also Senator Singer is getting more and more concerned regarding the turning lane into Quick Chek which is head on with the Authority's turning lane. Two phone calls were made to the County Engineers and they were not returned. Mr. Waxman asked how come they did not return the calls. Senator Singer said that they are busy. Mr. Morrill said that there will be problems also with the shopping center. Senator Singer said the Public Works is going to have a problem with the parking situation also. Mr. Coles said there is talk about closing off the road by the gas station. No parking signs were put along the entire stretch of the road. Senator Singer said he does not want to put a fence by the Authority but if we need to we will do it. Mr. Morrill said that there will be a light by America Avenue. Mr. Flancbaum said that he is concerned that over the weekend and the neighborhoods across the street. How will we know who is coming in and out of this place on Saturday and Sunday. Senator Singer said he is not worried about that but if need be we can fence it. He does not think that they will cross four lanes of traffic. There was a discussion about making access behind the Authority into America Avenue by the Public Works facility or onto Cedar Bridge Avenue. There are different options to look into.

XIV. ADJOURNMENT

A motion was made by Mr. Coles, seconded by Mr. Sernotti to adjourn meeting. On a **voice vote**, all members present voted, "**Aye**". The meeting was adjourned at 10:38 A.M.

Respectfully submitted,

Nechama Lapa,
Secretary, LTMUA