



Board of Commissioners

Senator Robert Singer, Chairman

Raymond Coles, Commissioner

Anne Fish, Treasurer

Samuel Flanbaum, Assistant Secretary

Michael Sernotti, Commissioner

Craig Theibault, Alt. Commissioner

P. G. Waxman, Vice Chairman

THE LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Regular Meeting Minutes

November 10, 2014

- I. Senator Singer opened the meeting at 10:07 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 7, 2014 and The Tri Town News on February 12, 2014.
- III. **Salute to the Flag**
- IV. **Roll Call of Commissioners**
On the roll call the following Commissioners were present: Mr. Theibault, Mr. S. Flanbaum, Mr. Sernotti, Mr. Waxman, Mrs. Fish and Senator Singer. Mr. S. Flanbaum was seated as an alternate. The following professionals and key personnel were present: Mr. Norman Smith, Esq., Mr. Justin Flanbaum, Executive Director, Mr. Daniel Rappoccio, CFO, Mr. Paul Morrill, P. E., Mrs. Nancy Lapa, Secretary and Mr. Robert Farina, Instrumentation Department Supervisor.

Senator Singer announced that next month's meeting will be changed to December 9th. Senator Singer asked Ms. Gaynor to notify Mr. Coles of the change since he was not in attendance.
- V. **Minutes**
A motion to approve the minutes of the Regular Meeting held on October 7, 2014, was made by Mr. Waxman and seconded by Mr. Sernotti. On a **voice vote**, all members present voted, "**Aye**". **Motion carried.**
- VI. **Chief Financial Officer Report**
Financial Results Period Ending October 31, 2014 - Mr. Rappoccio reviewed the results of the report as of October 31, 2014. The full year results show a net position

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

390 NEW HAMPSHIRE AVENUE, LAKEWOOD, NEW JERSEY 08701
PHONE (732) 363-4422 | FAX: (732) 905-0712 | WWW.LAKEWOODMUA.COM

\$2.9 million for the Authority. This is approximately \$764,000.00 favorable to the full year budget. This is including the one-time items relating to connection fees in the amount of \$464,000.00. Excluding the connection fees, the Authority's net position would be \$300,000.00 favorable to the full year budget.

Purchase Card Update - Mr. Rappoccio would like to discuss the Authority's P Card Program. The Purchase Card program that was discussed at the July meeting went live. The cards were provided to all the field staff and including some management personnel. The program has worked out well the first month. There were no issues and the field personnel have more flexibility for purchasing. They can go to other stores like Lowes etc. Mr. Rappoccio wanted to bring one item to the commissioner's attention. He attended a seminar with Ms. Gaynor given by Bank of America and the State. This seminar was to explain the rebate that is provided when using the P Card. The rebate is based on the total amount spent on the card. Since the Authority is a part of the State Contract, the Authority will receive a rebate for items charged on the P Card. The rebate is calculated on the total State Contract spend. From January 2014 to June 2014 the State spend on the contract was \$53 million. The rebate that was calculated was close to two percent. The Authority would get a two percent rebate based on whatever the Authority's spend is. If \$1 million was spent, the Authority would get \$20,000.00. Another good point is that the State has brought the New Jersey Transit Authority onto their contract. The expected spend is expected to go up over \$100 million. The rebate rate will then increase. The Authority will benefit from it. Mr. Flancbaum said the Authority will pay whatever can be paid on the P Card. Right now we are working on going through and finding out which bills can be paid with a credit card. A rebate will be sent out every six months based on the Authority's total spend and whatever the calculated rebate rate is. Senator Singer asked that Mr. Rappoccio tell Mr. Bauer that when he does the Audit, he should spot check to see if the purchase was legitimate and what it was used for. Senator Singer would like be on top of the situation being that it is a credit card. Senator Singer is not saying that something was done improperly. Mr. Rappoccio said he will communicate this to Mr. Bauer. Mr. Rappoccio said that using a P Card as opposed to cutting a check will be a time saving factor.

Billing Department Update – The billing department has been doing great. Ms. Miller and Ms. Stansbury are doing a great job with researching account issues and other things of that nature. We have been meeting weekly. At the weekly meetings we look at accounts that are problematic and are being researched as to whether it is a meter issue or a misread etc. We are dealing mostly with commercial accounts. The residential account issues take precedence and are usually fixed immediately with a work order. One commercial account that was just dealt with was Best Western. The Best Western was having a meter read issue. The bill went from \$3,000.00 down to a bill of \$800.00. The Authority notified them ahead of time that there is an issue and research is being done on it. This let them know that there is a potential for a back bill to come. The Best Western noticed it too and acknowledged it. After an analysis was done, a discussion was held with Mr. Flancbaum and then with Best Western. The Best Western was back billed and the Authority just received their last payment of \$3,000.00 which brought them up to date. Going forward, Best Western is on the right schedule. These are the kind of issues that the billing department is uncovering and is being discussed at our weekly meetings. If need be, the issue is brought to Mr. Flancbaum. Senator Singer wanted to

know what the issue was with Best Western. Mr. Rappoccio said that the meter read had a digit issue.

2014-2015 Operating and Capital Budget – The budget was reviewed with Senator Singer, the Budget Committee, Mr. Bauer and Mr. Flancbaum. Senator Singer said that Mr. Bauer is out of town and is in able hands with Mr. Rappoccio. Mr. Bauer said he recommends the budget. Mrs. Lapa read **Resolution # 14-118 2015 Water Operation Lakewood Township Municipal Utilities Authority Budget Resolution**. Motion was made by Mr. Waxman, seconded by Mr. Sernotti. On **roll call**, all members present voted, "Yes". **Adopted**. Mrs. Lapa read **Resolution # 14-119 2015 Sewer Operation Lakewood Township Municipal Utilities Authority Budget Resolution**. Motion was made by Mr. Waxman, seconded by Mr. Sernotti. On **roll call**, all members present voted, "Yes". **Adopted**.

VII. Engineer's Report

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

- Resolution Awarding Change Order #1

At last month's meeting a discussion was held regarding the need to add a little bit more of a modification to the building if the Authority needed to resolve the ammonia issue through mechanical means. The building size will have to be increased. On October 24, 2014 a meeting was held with Remington Vernick and Vena to discuss if these existing buildings can be adjusted and to have access to the wells for maintenance. It became apparent that it will be very difficult to do the renovations. They recommended taking down the old building and building a new building versus the remodeling. The cost to add the room would be \$25,000 to each site at a total of \$50,000. Building a new building would be \$40,000 each with a total of \$80,000 for both sites. Mr. Waxman asked if the renovations would be \$25,000 each and a new building would be \$40,000 each. Mr. Morrill said that is correct. Senator Singer said that the building of new building is not just to have a new building for building sake. When renovations are done you have to make things fit as opposed to when building a new building everything fits properly and there is enough space. The renovations would include renovating existing building and adding a room. Mr. McGregor added that one of the well houses has a back wall and a roof that has to be replaced. So you are getting into almost a new building. Mr. Waxman asked how the well will be protected during construction. Senator Singer said the building will be left. Mr. Morrill said that they build the new building around the old one. The electrical equipment is being replaced. The only item that will be remaining is the motor. The pump and the motor will remain in place. The resolution being presented will increase the engineering fees from \$42,000.00 to \$57,170.00, an increase of \$15,170.00. Mrs. Lapa read **Resolution # 14-120 Authorizing Change Order No. 1 Wells No. 1, 3 And 5 Building Rehabilitation**. Motion was made by Mr. Waxman, seconded by Mrs. Fish. On a **voice vote**, all members present voted, "Aye". **Adopted**.

2. Cell Antennas

- Resolution Awarding Professional Services Contract

A proposal was received from Remington Vernick for review and inspection services for the Ridge Avenue Tank for Verizon. The amount of the proposal is for \$8,250.00. They will be mounting their equipment and they also have to remount the Authority's antennas. The Authority's antennas will physically be impacted by their antenna system.

Verizon was told that they will have to move the Authority's antennas. This inspection will cover both antennas. Mr. Flancbaum said that Verizon will be paying back the Authority for this. An escrow account is being set up beforehand so the money will be there. Mrs. Lapa read **Resolution # 14-121 Awarding Professional Services Contract Without Public Bidding Pursuant To N.J.S.A. 40A:11-4.1 Et Seq.** Motion was made by Mr. Sernotti, seconded by Mr. Waxman. On a **voice vote**, all members present voted, "**Aye**". **Adopted.**

3. Towbin Avenue Sewer Line Replacement

- Resolution Awarding Change Order #1

On September 27, 2014, a Change Order request was received from T&M Associates in the amount of \$1,047.75 for the additional engineering services associated with the Towbin Avenue Sewer Project. Mrs. Lapa read **Resolution # 14-122 Authorizing Change Order No. 1 Towbin Avenue Sewer Line Replacement.** Motion was made by Mr. S. Flancbaum, seconded by Mrs. Fish. On a **voice vote**, all members present voted, "**Aye**". **Adopted.**

4. Route 70 and Vermont Retail Development

- Resolution Releasing Maintenance Guarantees

This is the Wawa on Route 70. The release would be conditioned on the escrow account being brought current and all punch list items being addressed. The punch list items have all been addressed. Mr. Flancbaum said he spoke with Kaplan on Friday regarding the escrow account. Senator Singer recused himself from this and handed over the gavel to Mr. Waxman. Mrs. Lapa read **Resolution # 14-123 Releasing Maintenance Guarantees Route 70 And Vermont Retail Development.** Motion was made by Mr. Sernotti, seconded by Mrs. Fish. Mr. Smith stated that the record should reflect that Senator Singer did not participate in this. On a **voice vote**, all members present voted, "**Aye**". **Adopted.** Senator Singer said for the record he does not own this but it was financed by a bank that he works for.

Mr. Waxman returned the gavel to Senator Singer.

5. Cedar Bridge Raw Water Main

- Resolution Awarding Professional Services Contract

This contract is being awarded to GTS Consultants in the amount of \$6,556.00 to prepare as-built drawings and to upgrade the GIS system. They will add the raw water main and the fiber optic information onto the Authority's mapping. Mrs. Lapa read **Resolution # 14-124 Awarding Professional Services Contract Without Public Bidding Pursuant To N.J.S.A. 40A:11-4.1 Et Seq.** Motion was made by Mr. Sernotti, seconded by Mrs. Fish. On a **voice vote**, all members present voted, "**Aye**". **Adopted.**

6. New Hampshire Avenue Treatment Plant

- Resolution Awarding Change Order for Professional Services Contract

On October 29, 2014, the Authority received a request from Hatch Mott MacDonald for a Change Order in the amount of \$12,040.27 for engineering services to close out the project. Senator Singer said that this was a long time in coming. Mrs. Lapa read **Resolution # 14-125 Authorizing Change Order New Hampshire Avenue Water Treatment Plant.** Senator Singer interjected that he had asked Mr. Flancbaum and Mr.

Morrill to bring this project to a close. This closes the project out. Motion was made by Mr. Sernotti, seconded by Mr. Waxman. On a **voice vote**, all members present voted, "**Aye**". **Adopted.**

7. Woodlake Sanitary Sewer Improvements Phase 2 – Project Status

Bids were supposed to have been received on November 6, 2014 but an addendum to the contract was needed. Therefore bids will not be received till November 14, 2014. Mr. Morrill asked if a resolution can be passed to award the contract to the lowest bidder conditioned on Mr. Smith's review and the engineer's review of the project. Mr. Morrill apologized to Mr. Smith about not giving him prior information on this particular phase of the project. Mr. Smith asked a few questions. Mr. Smith said this strikes him as something that has no basis. Mr. Waxman said perhaps a phone poll should be made after the bids are received. Senator Singer said that if the bids come in out of whack, it cannot be awarded to anyone. Mr. Morrill said that he would like to inform the commissioners that on November 14, 2014 bids will be received on the project and hopefully get this phase under construction before the end of the year.

VIII. Attorney's Report

New Jersey Business Systems - Mr. Smith said that the litigation is continuing. The sets of interrogatories on both sides have been completed. The expert is feeling good and is back on the job. It worked out to the Authority's benefit that we did not hear from the other side for a while as the expert was able to convalesce. He made great suggestions to Mr. Smith and guiding on all the expert issues now. A series of depositions have to be set up for New Jersey Business Systems employees and management and the Authority's. Mr. Smith said he envisions there probably will be roughly fifteen depositions, seven people on their side and seven on our side. Mr. Smith said that the problem with a case like this is that it is factually unwieldy. It went on for several years with a lot of the conversations, give and take between multiple people and letters between multiple people. Mr. Waxman asked if there is an email trail. Mr. Smith said there is an email trail. But in order to present a clear factual arc, both parties really need to sit down and question everybody. Then we have the ability to have facts clearly. For example, "This is what Mr. Jones said, Your Honor". This has to be done otherwise it will be like slogging through swamp. Senator Singer told Mr. Smith if he needs to bring anyone in, do not hesitate because we need to win this one. Mr. Smith said he intends to.

IX. Executive Director's Report

1. Resolution awarding contract for snow clearing services for the 2014-2015 winter season

A proposal opening was held on October 28, 2014 for snow clearing services for the coming winter season. Two proposals were received. One was from a company based in Pennsylvania and one was from the company that serviced the Authority last year. Mr. Waxman questioned if the company in Pennsylvania can get here if there is a major snow storm. Mr. Flancbaum said that the company in Pennsylvania is a lot more money than the company the Authority used last year. Their rate structure is not based on minimum monthly retainage but based on events. If it snows up to two inches, they charge you \$4,000. If it snows up to four inches the charge is \$6,000. The company that we had last year is proposing to charge \$3,250 a month up to fifteen inches or up to three occurrences. Over the fifteen inches or three occurrences they charge by every

two inches. When you factor in both proposals, the company that serviced the Authority last year is the cheaper company. They gave good service last year and the year before. Mr. S. Flancbaum asked when the contract would start. Mr. Flancbaum said it would start after the meeting today. Last year it was done from November 1st. Maybe this year the contract could start December 1st. Senator Singer said it should start December 1st. Mr. Flancbaum said it is a different rate structure and he spoke with both of them after receiving the proposals. If this winter season would be the same as last year's season, with the company based in Pennsylvania it would cost the Authority tens of thousands of dollars. Mr. Flancbaum said the contract would start from December 1st through March 31st. Mr. Waxman asked what the name of the local company is. Mr. Flancbaum said it is called Snow Services Inc. and is owned by Chuckie Reiss. Senator Singer said they did a good job last year and Mr. McGregor is happy with them. Senator Singer said he likes doing business with local companies. Mrs. Lapa read **Resolution # 14-126 Awarding Contract For Snowplowing Services For Winter Season 2014-2015**. Motion was made by Mr. Waxman, seconded by Mrs. Fish. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

2. **Authorization for Task 2 of Solar Photovoltaic Feasibility Study; T&M Associates**
T&M Associates finished the first phase of the PV Feasibility Study. The first phase was favorable. They spoke to some potential solar developers and based on the size of our system it would be adequate to attract some interest in a bid for solar developers. We would like to proceed with Phase 2 of the study, which is more involved and detailed. Phase 2 was approved at last month's board meeting. Senator Singer reminded that the next door project should be contacted. Mr. Flancbaum said yes he will talk to them and will make this more attractive.
3. **NJUA-JIF; 2014 dividend**
The NJUA-JIF 2014 dividend is in the amount of \$6,168.02. This will be applied towards the Authority's premium.
4. **Operations assistant on call**
Currently the Operations Department has a weekly on call operator. In discussions with the Operations Department, the Authority has grown that now the on call operator can now use an assistant on call. That person will not be an operator. It will be someone that can be relied upon in the event of an emergency or if it is a two person job. Things have been coming up in the last couple of months that has brought us to this point. We have spoken to the Operations Staff and we are now implementing a weekly assistant on call. Mr. Waxman asked if they will be rotating. Mr. Flancbaum said yes. The assistant will not always be with the same operator so they will be able to learn what all the operators do. The assistant on call will be compensated for the week and the weekend.

Mr. Flancbaum said he two more items that came up on Friday.
5. **Sanitary Sewer Master Plan**
This is being done with T&M Associates for the Kettle Creek Basin. The study was done based on the same methodology that the Township employed when they did their Smart Growth Plan. They took a look at the permitted uses and the proposed Smart Growth Nodes within our service area, of which we do not have that many. However they did not take into consideration any conditional uses nor did they do so when they compiled

the overall Township Smart Growth Plan. Senator Singer said it was done wrong. When we looked at it and talked about calculating sewage capacity, we would like them to look at not only at permitted and proposed Smart Growth Nodes, but also conditional uses in all those zones. Senator Singer said for an example use the Flea Market. Based on what they are talking about it is very limited. We know that it can be a couple hundred apartments. We have to look higher so that we have a better calculation factor. Otherwise it will be a problem. Mr. Flancbaum said a proposal was received for \$9,700.00. They said they will have it done in about a week. They will also recalculate our construction estimates for future improvement. Mrs. Lapa read **Resolution # 14-127 Authorizing Change Order No. 1 Sanitary Sewer Master Plan Report**. Motion was made by Mr. Sernotti, seconded by Mr. S. Flancbaum. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

6. RFP Wide Format Printer

On Friday, November 7, 2014, an opening of RFP's was held for a wide format printer. Two proposals were received. One was from OM Office Supply which is a company based in Mechanicsburg, Pennsylvania. The second proposal was from Jersey Mail Systems which is the same company that the new postage machine is from. OM Office Supply's proposal is a thirty six month finance for \$349.00 a month, total is \$12,564.00. Jersey Mail systems proposal is thirty six months at \$14,364.00. Mr. Flancbaum said that when looking at both proposals there was a concern on how a company in Pennsylvania will service the Authority. The printer is a HP printer and there is a one year warranty from the manufacturer themselves. Including in the proposed price is a three year service agreement with the company from Pennsylvania. They guarantee next day service based on that they use local HP vendors in the area. So it is not like they are servicing us from Pennsylvania, they are calling local HP vendors. Senator Singer said that this is a savings of \$1,800.00. Also this is a purchase as opposed to a lease. At the end of three years, the Authority will own it. Senator Singer asked how long the Authority has the current wide format printer. Mr. Flancbaum said the Authority has it for around three to four years. Senator Singer said that at the end of three years the Authority can get a new one if needed and donate the old one to the Township since they do not have one. Senator Singer asked Mr. Morrill if it is okay to wait a day for service. It was okay. If the printer is not working one day, it will not shut down the Authority. \$1,800.00 is a lot of money to save and it will be serviced with local vendors. It is difficult to say to the ratepayers that we did not save \$1,800.00. It was agreed to go with OM Office Supply. Mrs. Lapa read **Resolution # 14-128 Awarding Contract For Wide Format Printer**. Motion was made by Mr. Sernotti, seconded by Mr. S. Flancbaum. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

X. Instrumentation/IT Department Report

1. Shorrock Street WTP SCADA changeover progress

The Shorrock Street GE SCADA equipment change out is continuing to progress. We are now in the process of scheduling one of the first plant shutdowns in order to switch over some of the controls to the new system. We have successfully installed a Ground Tank back up level transmitter which the plant never had prior. It is hooked into the new SCADA equipment and is running fine. The new replacement flow transmitters have been installed on the filters at the Shorrock Street Water Treatment Plant. Now the pressure equipment that feeds them and their pressure signal will have to be recalibrated and retuned as well, due to inaccuracies found while setting up the new

transmitters. We will attempt to accomplish this task in house. If it is proven that we cannot, then we can enlist the services of the CLA-VAL representative, Mr. Joe Lipari.

2. Well #15 Electrical work

Well #15 conduits were successfully installed last Wednesday. Now that the entire infrastructure is in place, we are awaiting a flow study to be conducted by the engineering consultant so that we may properly specify a generator at the site and move all the existing electrical switchgear to the new building and outfit it with a new GE SCADA RTU. This work is expected to take place in the early spring of 2015.

3. NJBS litigation effort update

With regards to the New Jersey Business System litigation, we are working closely with our engineer, the expert witness and the Authority Attorney in the next critical phase of this effort. I currently have our IT Coordinator searching the IT department's computer for storage of any and all evidences that the former IT Coordinator might have stored with respect to any malfunctioning radio behaviors in addition to any other documentation that may or could result in aiding us in obtaining a victorious conclusion to this matter.

4. IT data confidentiality agreement document

In the matter of protection to the Authority, our IT Coordinator has produced what has become an excellent document representing the Authorities new Information Technology Confidentiality Agreement. Simply put, this document will protect all of the Authorities real and electronic data assets from being used and or disbursed by any vendors and or outside contractors that the Authority chooses to conduct business with. Any such use of said data would require written permission from the Authority. This would be implemented in a way that would require the agreement to be signed by any current and or future vendors and contractors in order to conduct or continue to conduct business with the Authority. Mr. Waxman asked if this should be standard in the industry. Mr. Farina said that each organization does for them depending on the importance they place on their data. Everyone should consider it important, but unfortunately not everyone does until there is a problem. Mr. Farina continued with his report. At this point in time the agreement document has been reviewed by the Executive Director and has been sent to the Authority Attorney for legal review which has since been completed. The document was found to be acceptable with only a few additions and changes that were recommended by the attorney. These additions and changes are currently being carried out by our department.

5. CMMS progress

Our Computer Maintenance Management System is continuing to be a work in progress and the vendor is currently implementing data which was sent to them from our IT Department. The project is ongoing and we hope to have it implemented by first quarter of 2015.

Senator Singer wanted to know if we are fully implemented with our camera system. Mr. Farina said so far two or three cameras have been done in house as an experiment. We wanted to see the reliability and how sophisticated of a camera is needed. Mr. Farina said it is in the plans to start it on a full basis next year. Senator Singer asked to keep this project in mind because it is important to have a record of our treatment facilities. If

God forbid something happens, we will have a record of what happened. Senator Singer asked if it is possible to tap into any Homeland Security money for this. Mr. Flancbaum said that from time to time he looks at it and there has not been anything available. But he will continue to take a look and keep an ear out. Senator Singer recommended asking by the next association meetings about Homeland Security monies. Senator Singer thanked the IT Department for thinking about the confidentiality agreement. It makes good sense. The It Department is really on top of the situation.

XI. Commissioners' Report

XII. MEETING OPEN TO THE PUBLIC

There was no response from the public.

XIII. MEETING CLOSED TO THE PUBLIC

XIV. MOTION TO APPROVE THE OPERATING VOUCHERS

A **motion** was made by Mr. S. Flancbaum and seconded by Mr. Sernotti to approve the Operating Vouchers in the amended amount of \$1,096,041.54. On a **voice vote**, all members present voted, "**Aye**". **Motion passed.**

XV. CLOSED SESSION

A **motion** was made by Mr. Waxman, seconded by Mr. Sernotti to go into closed session to discuss possible litigation at 10:45 A.M.

XVI. OPEN SESSION

At 11:10 A.M. the meeting went into open session. Possible litigation was discussed and if anything comes forth we will let everyone know about it.

XVII. ADJOURNMENT

A **motion** was made by Mr. Sernotti, seconded by Mr. Waxman to adjourn meeting. On a **voice vote**, all members present voted, "**Aye**". The meeting was adjourned at 11:11 A.M.

Respectfully submitted,

Nancy Lapa,
Secretary, LTMUA