



Board of Commissioners

Senator Robert Singer, Chairman

Raymond Coles, Commissioner

Anne Fish, Treasurer

Samuel Flancbaum, Assistant Secretary

Michael Sernotti, Commissioner

Craig Theibault, Alt. Commissioner

P. G. Waxman, Vice Chairman

THE LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Regular Meeting Minutes

July 1, 2014

- I. Senator Singer opened the meeting at 10:02 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. S. Flancbaum, Mr. Coles, Mr. Waxman and Senator Singer. Mr. Flancbaum was seated as an alternate. The following professionals and key personnel were present: Mr. Norman Smith, Esq., Mr. Justin Flancbaum, Executive Director, Mr. Daniel Rappoccio, CFO, Mr. Paul Morrill, P. E., Mrs. Nancy Lapa, Secretary and Mr. Mohamed Bassyouni, Scada/Electrical Technician.
- V. **Minutes**
A motion to approve the minutes of the Regular Meeting held on June 10, 2014, was made by Mr. Coles and seconded by Mr. Waxman. On a **voice vote**, all members present voted "**Aye**". **Motion carried.**

Senator Singer informed the commissioners that Mr. Bauer, the Authority's auditor, felt that it is not necessary for him to attend and report at every meeting since the Authority's CFO is giving a report. Mr. Bauer said he will attend quarterly meetings and any time the Authority feels he is needed at the meeting.

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VI. Chief Financial Officer Report

Mr. Rappoccio said that he will review the results of the Actual Year To Date summary compared to the Budget Year To Date summary as of May 31, 2014. The Authority's net profit through May 31, 2014 is approximately \$381,000.00. It is basically being driven by our revenues from the connection fees and service fees. Through May there have been forty nine new accounts that have been added to the system. The budgeted amount was twenty five. The twenty four new accounts are driving the higher connection fees. The expenses are slightly higher, approximately \$100,000.00. That is driven by seasonality in the budget. These results have been reviewed with the Auditor, Mr. Bauer last week. Also, the reconciliations through May, including a full review of the trial balance were reviewed with Mr. Bauer. All the detailed revenue and expense line results have been reviewed with Mr. Flancbaum last week. There were no issues to report there.

Mr. Rappoccio reported that he has begun a five year cash projection for upcoming construction and capital planning. That is being pulled together now. Mr. Rappoccio will review it with Mr. Flancbaum and Mr. Bauer over the next few weeks. Hopefully he will have what to present at the next month's meeting or the following month's meeting.

Mr. Rappoccio has reached out to AON Hewitt to for an actuarial study for post-retirement benefits. The Authority should be receiving an engagement letter by the end of the week with service fees and what they will be performing. Once that is received Mr. Rappoccio will meet with Mr. Flancbaum and then present it to the commissioners.

VII. Engineer's Report

1. Joe Parker School II (Chinuch Labonos)

- Motion authorizing Calling in Performance Bond

In the packet there is a letter from the Authority's attorney dated June 24, 2014. This letter indicates that they have until July 7, 2014 to provide the Authority with a detailed construction schedule. If not, the Authority will notify the bonding company and call in the bond. Senator Singer asked why this school is being so difficult. Mr. Flancbaum said that the school was completed around four years ago. They have a construction time line. This is a project that was done in conjunction with a developer that is no longer around. A motion authorizing calling in the performance bond was made by Mr. Coles and seconded by Mr. S. Flancbaum. On **roll call**, Mr. S. Flancbaum, Mr. Coles and Senator Singer voted "**Yes**". Mr. Waxman abstained. **Motion Carried.**

2. Pine Belt Chrysler

- Resolution Accepting Terms of Developer's Agreement

Schedule B was sent out. If there are any concerns, Mr. Morrill said he can read the terms of the agreement. If not, the resolution can be presented today. . Mrs. Lapa read **Resolution # 14-74 Authorizing The Execution Of The Developer's Agreement Pine Belt Chrysler.** Motion was made by Mr. Coles, seconded by Mr. Waxman. On **roll call**, Mr. S. Flancbaum, Mr. Coles and Mr. Waxman voted "**Yes**". Senator Singer abstained. **Adopted.**

3. Wells #9 & #16 Maintenance

- Resolution Awarding Change Order #1

This is a Change Order for Professional Services for Hatch Mott MacDonald. Last month there was a Change Order for the contractor due to the substantial damage found on the pumps when they were pulled. This required the Authority to revise the specifications and get new pumps. There were some engineering fees involved with this. The Change Order is for \$2,400.00. Mrs. Lapa read **Resolution # 14-75 Authorizing Change Order No. 1 Wells 9 And 16 Maintenance**. Motion was made by Mr. S. Flancbaum, seconded by Mr. Coles. On **roll call**, all members present voted, **"Yes"**. **Adopted**.

Mr. Morrill said there are two additional items for the engineering agenda.

4. Award Contract to CME Associates Update Sanitary Sewer Master Plan Metedeconk Drainage Basin

This is a resolution awarding a professional services contract to CME Associates. A letter from CME Associates dated November 19, 2013, revised June 30, 2014 was handed out. The letter details the proposal of the sanitary sewer master plan for the Metedeconk. The amount is \$67,600.00. Mrs. Lapa read **Resolution # 14-76 Awarding Professional Services Contract Without Public Bidding Pursuant To N.J.S.A. 40A:11-4.1 et seq.** Motion was made by Mr. Coles, seconded by Mr. S. Flancbaum. On **roll call**, all members present voted, **"Yes"**. **Adopted**.

5. Towbin Avenue Sanitary Sewer

Mr. Morrill expects the plans and specifications should be completed before next month's meeting. Mr. Morrill requests authorization to bid the project. A motion authorizing to bid the Towbin Avenue Sanitary Sewer was made by Mr. Coles and seconded by Mr. S. Flancbaum. On a **voice vote**, all members present voted, **"Aye"**. **Motion Carried**.

VIII. Attorney's Report

New Jersey Business Systems Lawsuit – Mr. Smith said he received a preliminary expert report from the Authority's expert for the litigation. Mr. Smith reviewed it and so did Mr. Flancbaum and Mr. Morrill. Mr. Smith said he had some minor suggestions to amend and modify the report. The expert did amend and modify it. Mr. Smith reviewed the modified and amended report. It looks good. The expert is away until next week. When he comes back from vacation, the expert will sign off on the finalized copy. Then the expert report will be served on the defense counsel for the insurance company. Mr. Smith said he will try to get the defense counsel to give an offer. This is a very unusual situation. The defense counsel insists on going to mediation. Mr. Smith said he told him that I made a demand, now give me an offer. This does not have to go to mediation. Mr. Smith said his demand was \$1.2 million. The defense counsel refuses to give an offer. Mr. Smith said on the other hand, the defense counsel has an answer to his interrogatories. In a short period of time this is going to start moving. Senator Singer asked if Mr. Smith thinks that they want to settle. Mr. Smith said he thinks they want to settle. The way you settle is that one side makes a demand and the other side makes an offer. Then you move toward a convenient point. Mr. Smith said that he made a demand but there was no offer. Mr. Smith said his inclination from him is that he wants to settle. That is why he wants to go to mediation. Mr. Smith said that mediation costs \$450 per hour to the mediator.

Redondo Lane – Mr. Smith said that the contractor for the Redondo Lane project threatened to sue the Authority in the amount of \$2,900.00. Mr. Flancbaum referred this to Mr. Smith. Mr. Flancbaum said he was hoping to have a settlement today, but they have not agreed to anything. There will be a meeting with them next Tuesday. Mr. Flancbaum did not want to put it on the agenda until it was completely finalized. When it is finalized, Mr. Flancbaum will present it to the commissioners.

Senator Singer said that since the property next door to the Authority is being developed a buffer should be put in. It will be commercial. Mr. Flancbaum said he and Mr. Morrill will look at their plans.

IX. Executive Director's Report

1. Resolution authorizing contract to eMaint Enterprises for Computerized Maintenance Management and Enterprise Asset Management software

Mr. Flancbaum said that an investigation was done into several different asset management types of systems. Mr. Flancbaum met the Executive Director of the Hackettstown MUA at a seminar. Hackettstown has been utilizing eMaint Enterprises software for several years and recommended it due to its scalability and ease of use. It is a work request and work order management tool. The software will allow us to schedule and plan internal service and maintenance, keep historical asset records, control parts inventory, and analyze data. The software is hosted by eMaint so there is no additional service required or anything required on our end. However, all of the data can be exported at any time into an excel format so we will not lose any data. The annual subscription is \$1,020 per year per user. It is reasonable. We would like to sign up for three users for a total of \$3,060. We had an online demo of software a few weeks ago. It seems like the easiest product to use that we have seen. Mr. Waxman asked if Mr. Flancbaum spoke with people that have used the software. Mr. Flancbaum said that Hackettstown has been using it for many years. It is something that you build on year after year. In two to four years it becomes a complete asset management type of tool. The DEP is going to mandate soon that all utilities authority have some sort of asset management system in place. This would be the beginning of our system hopefully. It would be employed in the field right away. Senator Singer said he has no problem with it, but would like Mr. Flancbaum to come back to the commissioners if you would like to authorize more users. Senator Singer asked that the resolution wording reflect the requirement before additional users are authorized. Mrs. Lapa read **Resolution # 14-77 Award Contract For Computerized Maintenance Management Software**. Motion was made by Mr. Coles, seconded by Mr. Waxman. On **voice vote**, all members present voted, "**Aye**". **Adopted**.

2. Resolution authorizing contract to JBA Architecture & Consulting LLC for a facility study and assessment

The Authority is growing and as the CFO, Mr. Rappoccio mentioned, forty nine new accounts were added this year. Mr. Flancbaum would like to take a look at the Administration Building as well as the Operations Building. An assistant billing clerk is being added later this month. We have to think how we will accommodate more staff as we continue to grow with our customer base. Senator Singer said that when the renovations were done, there were not any plans for the tremendous growth that the Authority is now experiencing. The Authority has to start departmentalizing more. The

billing and the payroll should be under the CFO's control. The billing clerk is sitting in middle of the customer service area. The Office Manager, Ms. Gaynor, is in charge of customer service. The Authority has one bilingual customer service worker. That will have to be increased so that there will be coverage when she is out. The next customer service person to be hired should be bilingual. The office is getting busier. Secondly, some of the format is being changed by computerization. There will be some employees that will have less on their table and will be able to do more. The physical plant has to be redesigned for the future. Mr. McGregor is bringing in more field employees. The Operations Staff is growing. It was not realized that the potential growth is not one year but ten years' worth of growth. The Authority needs someone to come down and take a look at what we have and where it makes sense. Senator Singer was here when they came for a walk through. They said the Authority can build a basement for records storage. It is cheap space and the land here is dry and high. A basement can be made with an addition but not with existing structure. There is the question of what to do with parking. The Authority should get a feel of what we have, where we should look to develop in the future and what makes more sense. You have to start with a plan. Mr. Flancbaum said this is the group that retrofitted the storage space into two offices. They did a good job. They gave a proposal for \$6,000.00. That includes an architectural and engineering study. They will meet with the department heads to see what the Authority's needs will be over the next five to ten years and possibly beyond that. Mr. Waxman said that it should be done in a way that will not have to be redone again in five years. Mr. Flancbaum said that we should think fifteen years. That is what was done with the metering program. We thought fifteen to twenty years down the line because you cannot have meter readers reading 15,000 accounts. We should do the same thing now; think fifteen to twenty years down the road. If the Authority will increase hundreds and hundreds of residential accounts over the next couple of years, we will need more customer service people. As the business grows, we have to continue to grow with it. Senator Singer said we have learned from mistakes. There are jobs that only one person knew how to do and that becomes a major problem. More than one person has to know and then it is not a big deal. With computerization a lot of it is becoming easier. The Authority has to become more departmentalized with the office staff. The most important thing for the Authority is the billing of the customers correctly. In the past it was not done correctly, there were 1,000 meters were not reading correctly. There was tens of thousands dollars not coming in. That has been corrected. We have to stay on top of it or it can slide back. Bringing in an assistant billing clerk is a move in the right direction. We have one billing clerk that does a very good job, now we will have two people. We will be able to deal in a more professional way. Senator Singer said he thinks the study makes sense. These people seem to know what they are doing. They do a lot of commercial work and they are reasonable. Mrs. Lapa read **Resolution # 14-78 Awarding Contract For Authority Facility Study And Assessment**. Motion was made by Mr. Waxman, seconded by Mr. Coles. On **voice vote**, all members present voted, "**Aye**". **Adopted**.

3. Resolution awarding contract to CTI Conversion Technologies, Inc.

In an effort to continue to go paperless and to have to have documents accessible electronically, the Authority received a proposal for \$3,276.14 for scanning 34,710 images into PDF files. This phase will consist of scanning of bonds, deeds and easements, developer agreements, and engineering contracts which have not been scanned yet. Many of the newer ones have been scanned. Mr. Flancbaum said that the

price is reasonable. Senator Singer said the Authority has to move in this direction. We are being snowed in by paper work. Mr. Waxman said this will produce more room. Mrs. Lapa read **Resolution # 14-79 Awarding Contract For Electronic Document Conversion Services**. Motion was made by Mr. Coles, seconded by Mr. Waxman. On **voice vote**, all members present voted, "**Aye**". **Adopted**.

4. Resolution authorizing transfer of Towbin Avenue sewer extension project contract from Ernst, Ernst and Lissenden to T&M Associates, Inc.

Mr. Flancbaum said that as you know the Authority had a contract with Ernst, Ernst and Lissenden for the Towbin Avenue Sewer Extension Project. Ernst, Ernst, & Lissenden have shut down. Mr. Jack Mallon, our contact at Ernst, Ernst and Lissenden for this project, has moved to T&M Associates. The Authority would like to formally transfer the contract from Ernst, Ernst and Lissenden to T&M Associates. T&M Associates has agreed to honor the total contract amount of \$52,000.00 of which \$4,287.00 has already been paid out to Ernst, Ernst and Lissenden. The total contract amount to T&M Associates will be \$52,000.00 minus \$4,287.00. Mrs. Lapa read **Resolution # 14-80 Authorizing The Transfer Of Contract From Ernst, Ernst and Lissenden To T&M Associates, Inc. Towbin Avenue Sewer Line Replacement Project**. Motion was made by Mr. Waxman, seconded by Mr. Coles. On **voice vote**, all members present voted, "**Aye**". **Adopted**. Senator Singer said that John Ernst will be the County Engineer by next year or two. Now he is the assistant engineer there. Now the Authority has a contact at the County.

5. Resolution authorizing entering a merchant services agreement with Banquest Payment Systems

Banquest Payment Systems will process our credit card transactions. Mr. Flancbaum and Mr. Rappoccio met with them. Banquest is a local company. Customer service will be at a higher level than what we currently receive from Chase. Mrs. Lapa read **Resolution # 14-81 Authorizing The Execution Of A Merchant Services Agreement With Banquest Payment Systems**. Motion was made by Mr. Waxman, seconded by Mr. Coles. On **voice vote**, all members present voted, "**Aye**". **Adopted**.

6. Sensus Upgrade

Mr. Flancbaum said that this item will not be acted upon now but he wanted to bring this to the commissioners' attention. Earlier this month Mr. Flancbaum met with Sensus and HD Waterworks regarding our current meter reading software. We were advised that our software server type will be phased out over the next few years, after which time support will no longer be available. Like everything else in technology, things continue to move on. Mr. Waxman asked how long the Authority has the software for. Mr. Flancbaum said that the Authority has it for three years. Sensus will be phasing out the current software over the next few years. Mr. Waxman asked if this is being done to make companies spend more money. Mr. Flancbaum said probably. Mr. Waxman said that maybe the Authority should switch companies. Mr. Flancbaum said that the system the Authority has is a Sensus System. The new breed of software is called Sensus Logic. They gave us a background of what it does. It does a lot more of than what we have now. Right now we have two servers for the Sensus System. They are proposing to eliminate servers on our end and have a web based, cloud based type of system where they automatically update you. They service you fully. It has intelligence to it. It has an estimating and editing feature and it automates certain reports. For example if

we want to run an auto leak detection report, now it has to be done manually. If we want reports to see the usage between different accounts, it has to be done manually. This new software automates all these things. It also provides a customer portal option. Customers can log onto the Authority's website and see their actual usage. This is something that some private utilities companies have already done. Senator Singer asked how much will this cost. Mr. Flancbaum said the initial software upgrade is \$42,500.00. The customer portal, which you do not have to have, is an additional \$42,200.00. Total amount for both would be \$84,700.00. The annual maintenance is \$23,175.00. The Authority's current annual maintenance is about \$10,000.00. The difference in maintenance is basically for them to maintain the servers and do everything else that we normally do in-house. Mr. Flancbaum reminded that this is not something that has to be done now; he just wanted to bring this to the commissioners' attention. Senator Singer said that we should think about putting the initial upgrade in next year's budget as a capital expense and do the customer portal the following year. This will split it into two years. Senator Singer said he likes the customer portal. Mr. Waxman asked even for \$42,000.00? Senator Singer said he thinks it is a good idea. This is what the customers want to see. Senator Singer said we do not have to do. It is two years down the road. For next year two items have to be added to the budget. 1. \$42,000.00 for the upgrade and 2. An additional \$13,000.00 for maintenance. The customer portal can be discussed again the following year. Mr. Smith said that it can be put in the budget and not expended. Mr. Coles asked if we do not go this route of the update, would there be expenses down the road to replace the servers. Mr. Flancbaum said yes, if the Authority did not go that route, the Authority would have to spend more money to purchase and maintain the servers. This update is a more economical option. Mr. Flancbaum said it is a good idea to wait a year to do it, because they are still working out the bugs of system, especially with the integration of the Edmunds system.

7. Expiration of probationary period for Daniel Rappoccio and Mohamed Bassyouni

Mr. Rappoccio and Mr. Bassyouni have gotten good reviews. Mr. Flancbaum gave Mr. Rappoccio a good review and Mr. Farina gave Mr. Bassyouni a good review. Mr. Flancbaum wishes them success moving forward. They have found their places within the organization.

X. Instrumentation/IT Department Report

Mr. Bassyouni presented the report on behalf of Mr. Farina.

1. Shorrock St. VFD's

The Shorrock Street VFD units were delivered to the plant and are now in the process of being installed for the High Service Pumps.

2. Shorrock St. SCADA work progress

We are experiencing excellent progress with the SCADA PLC rehabilitation and changeover as we have virtually completed the work for RTU #1 which controls all the filtration of the plant. We will now stay focused on RTU #2 which controls the remainder of the plants function. I am happy to report that our Operator, Greg Briody, has performed exceptionally well in his newly added responsibilities while teaming up with myself, in exhibiting their efforts as related to this projects present successes. Mr. Flancbaum said they did a very nice job. It is a piece of art.

3. Microwave radios and antennas

We have very encouraging news to report with regards to the radio and antenna system. On June 26, 2014 Mr. Flancbaum and Mr. Farina met with the radio/antenna supplier and manufacturer, Ceragon and the installation/service provider LTW. At the meeting they learned that the whole job, as well as the steel tower for Shorrock Street, could be done under a CPN or Cooperative Purchasing Network. This would make it get done faster similar to a State Contract.

4. AEA IT meeting

Mr. Farina attended the second meeting of the AEA IT committee which was focused on Asset Management. It was at this meeting that Mr. Farina learned from the Executive Director of the AEA, Ms. Peggy Gallo, that future NJEIT monies will be based directly upon the applying organizations Asset Management program.

5. IT department personnel status

We have been managing acceptably with respect to our IT requirements and demands in the midst of one of our employee's ongoing health issues and are continuing to utilize some Administrative employee's and myself. A search will begin for an IT coordinator in the absence of Mr. Raph Copeland. Mr. Farina's plan is to not only seek an IT savvy individual, but instead focus on an individual that will be diverse in his or her duties to work with SCADA obligations as well.

6. Mohamed's employment status

Mr. Bassyouni said that Mr. Flancbaum discussed this earlier in his report.

Senator Singer said that the IT position will be advertised in the next week or two. There is a new process that the application must be filled out online.

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. Coles and seconded by Mr. S. Flancbaum to approve the Operating Vouchers in the amended amount of \$473,238.41. On **roll call**, all members present voted, "**Yes**". **Motion passed.**

XV. CLOSED SESSION

A **motion** was made by Mr. Coles, seconded by Mr. Waxman to go into closed session to discuss personnel at 10:38 A.M.

XVI. OPEN SESSION

At 10:43 A.M. the meeting went into open session. Personnel issues were discussed in general.

XVII. ADJOURNMENT

A motion was made by Mr. Waxman, seconded by Mr. Coles to adjourn meeting. On a **voice vote**, all members present voted, "**Aye**". The meeting was adjourned at 10:44 A.M.

Respectfully submitted,

Nancy Lapa,
Secretary, LTMUA