

LAKWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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THE LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Regular Meeting Minutes

January 8, 2013

- I. Senator Singer opened the meeting at 10:05 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, 2012 and the Tri Town News on February 16, 2012.
- III. **Salute to the Flag**
Senator Singer asked for all to remain standing and a moment of silence for Mr. Morrill's mother has fallen and is in the hospital; keep her in your prayers that she has a speedy recovery.
- IV. **Roll Call of Commissioners**
On the roll call the following Commissioners were present: Mr. Theibault, Mr. S. Flanbaum, Mr. Waxman and Senator Singer. Mr. S. Flanbaum and Mr. Theibault were seated as alternates. The following professional was present: Mr. Norman Smith, Esq. Mr. Justin Flanbaum, Executive Director, Mr. Paul Morrill, Engineer, Mrs. Nancy Lapa, Secretary and Mr. Robert Farina, Instrumentation/IT Department Supervisor were in attendance.
- V. **Minutes**

A **motion** to approve the minutes of the Regular Meeting on December 4, 2012, was made by Mr. Waxman and seconded by Mr. Theibault. On a **voice vote**, all members present voted, "**Aye**". **Motion carried.**

Mrs. Fish arrived at 10:06 A.M.

VI. Accountant's Report

Mr. Bauer would like to review the budget package that was given out to the commissioners. The first page of the budget package includes all the bonds that are currently outstanding. It was scheduled out to the final term in the year 2030. On the legal size page there is a water allocation column, the third column. Near the bottom of the page is the Debt Service in the amount of \$1.8 million for the water. Most of the bonds are water oriented. Of the revenues, thirty nine percent is for Debt Service. Mr. Waxman questioned if this is higher than normal for an Authority. Mr. Bauer said it is not dangerously high. It is based on revenues. It is acceptable. Senator Singer said that the Authority has an aging system. The Authority took the opportunity to bond when interest rates were the lowest and money was available to the Authority and contracts were bid at the lowest. A substantial amount of work had to be done. If the Authority did not take these actions, down the road the Authority would have had serious consequences to the system. Then people would be pointing a finger, why did you not take action and upgrade. There was a treatment plant that was virtually useless. The Authority had one treatment plant and if that would have gone down, there would have not have been a treatment plant to treat the water. The Authority then would have had to strictly buy from another source. The tank had to be replaced or spend \$800,000 to paint it. The computer was upgraded and had security features that were needed to be put on. The metering system had twenty percent of the meters that were nonfunctional. Senator Singer asked that for next meeting a list of projects and the monies that were spent on them should be presented to the commissioners. The Administration Building project used an existing building that was falling apart and the garages and made it into offices. If you want to see a "Taj Mahal" building, go to any other MUA and you will see what they built. The Authority has a responsibility to provide clean water to the customers and the Authority did not over spend, but did the prudent thing at the right time. There is a price to pay for that but it was not overdone. The Authority can substantiate what was done. Mr. Waxman asked if over the next long period the Authority has a projection of major capital improvements where the ratio will have to be increased. Mr. Bauer said it was projected out for the next five years and the Authority has the funds to complete the projects. It is hard to say what will be in five years from now. Senator Singer said that it should be kept in mind that the system is growing and revenues are increasing. The Authority is also enslaved to

the weather. The hotter the summer, the more revenue comes in. The real issue is that the Authority projected out all capital improvements in the next five years. Ninety five percent of what was needed to be done was done. There will always be something that could be done, but the core essential improvements were done. There should not be another huge bond issue another five years down the road. The wells are all taken care of and we will not be doing wells anymore. The Authority is in relatively good shape and in the projection past the next five year there is no major expense factor the Authority knows about. Mr. Bauer said that if the Authority would have to purchase water, the rates would be higher. Senator Singer said all the pump stations have generators. The security factor was taken care of. Mr. Bauer said that if the Authority has to re-bond after seven or eight years, the old bonds from 2002 will be paid off by the year 2021. They are twenty year bonds. If there is anything big that comes up that needs to be refurbished, the Authority has the ability to go out to re-bond. The money is already in revenue. Mr. Flancbaum said that a lot of work has been done in the past few years that was absolutely necessary and will take the Authority out for the next twenty or thirty years. Mr. Bauer said that he is showing the commissioners why the increases have been taking place in the last few years. On the main page of the budget are the additional personnel that were previously discussed. Senator Singer that two new positions were put into the budget, an additional operator and IT person. The position of operator will be pursued after the budget is adopted. The additional IT person on the budget is not critical at this time. It will be pursued when the IT Department says that it needs. It may happen this year, it may not. The IT Department is getting developed more and more and Senator Singer does not want them to feel that they are getting overstretched. They will let us know when it is needed and then the Authority can hire because it is in the budget. It may happen mid-year. Mr. Bauer said that the budget is required to have 110% debt service coverage. This is forcing the Authority to have a small profit every year but that will build up over the years for any future capital projects also. As you can see on the bottom of the budget, the actual budget comes to \$184,700 for water and \$181,800 for Debt Service. There is about \$2,900 surplus on the water side of the budget and on the sewer side around \$10,800. Mr. Bauer said he shifted some things around. The salaries and benefits for operations were increased to sixty five percent water, as opposed to sixty percent in previous years. Water operations with the new plant were more heavily salary in that area and that was how he was able to get the budget work this year. Mr. Flancbaum said that twenty percent of the expenses go to the Ocean County Utilities Authority for sewage collection. It is a big portion of the budget. Mr. Bauer said that the next two groups of papers handed out are for water operations and sewer operations. Senator Singer said he wanted to remind the commissioners that water and sewer

monies have to be kept separate. Sewer Operations are a pass through to the Ocean County Utilities. The Authority can divide how it is paid out of water and sewer monies, but it cannot be mixed. Mr. Bauer said that Authority cannot have one activity support another. Mr. Flancbaum said that actually this year's capital budget is a repeat of last year's capital budget with some minor additions such as finishing off the balance of the radio transmitters in the system. The fat was cut off the budget and the Authority focused on the essential projects for the next five years. Mr. Bauer said you can read through all the items and you can see what is projected out for the next five years. Mr. Flancbaum said that a line for a mobile generator was added on. Senator Singer said that he suggested this. Even though there is a generator at all the facilities, if one goes out we would need a flatbed type of generator. The Authority may not be able to purchase it this year, it may take two years. But he wanted them to see if it was something the Authority might want to have. It may be too expensive and not make sense to purchase one, but Senator Singer said that he wanted it in the budget in case the Authority wants to purchase it. Also, if the Authority has one, they would be able to help out the Township if they needed a generator. Mr. Bauer said that out of the water budget there is almost \$3,000,000 being covered through debt service through the bond issue. Revenues do exceed amply the expenses for the debt service coverage and there are ample funds for the projected capital projects for the next five years. Senator Singer said that the budget includes a two percent raise for the employees. There are several employees that will be getting additional increases to bring them up to industry standard. Senator Singer said that a meeting was held with himself, Mr. Bauer, Mr. Theibault, Mr. Flancbaum and Mr. Morrill to discuss this budget. Senator Singer asked if anyone had any questions. There were none. Mrs. Lapa read **Resolution # 13-01 Water Operation Lakewood Township Municipal Utilities Authority Authority Budget Resolution**. Motion was made by Mr. S. Flancbaum, seconded by Mr. Theibault. On **roll call**, all members present voted, "**Yes**". **Adopted**. Mrs. Lapa read **Resolution # 13-02 Sewer Operation Lakewood Township Municipal Utilities Authority Authority Budget Resolution**. Motion was made by Mr. Theibault, seconded by Mr. S. Flancbaum. On **roll call**, all members present voted, "**Yes**". **Adopted**. Mr. Bauer wanted to mention that he has begun on the Audit and it is going very well.

VII. Engineer's Report

1. RFQs for Engineering Services for Calendar Year 2013

- Resolution Rejecting Qualifications
- Resolution Accepting Qualifications

Mr. Morrill said that it was anticipated that a resolution would be needed to reject some qualifications. The Authority's attorney said that all the irregularities can be corrected. Therefore a resolution rejecting the

Qualifications will not be needed. In the packet on page one is a letter dated December 26, 2012 from the Authority which lists all the firms, their status and minor irregularities that we found. There are also letters from the attorney indicating that the irregularities can be corrected. There is a resolution accepting the qualifications of all the engineering firms who submitted, as long as any errors are corrected. Mrs. Lapa read **Resolution # 13-03 Accepting Submissions In Response To Request For Qualifications For Engineering Services For 2013**. Motion was made by Mr. Waxman, seconded by Mrs. Fish. On **roll call**, all members present voted, "**Yes**". **Adopted**.

Senator Singer mentioned to the commissioners that Leon S. Avakian Inc. resigned from the Brick Township MUA Interconnection project.

2. Regulatory Compliance Assistance

- Resolution for Professional Services Contract

Mr. Morrill handed out a letter dated November 15, 2012 from Hatch Mott MacDonald. This is the same amount as in the past three years. Mrs. Lapa read **Resolution # 13-04 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. Waxman. On **roll call**, all members present voted, "**Yes**". **Adopted**.

3. Bids for Chemicals and Cold Water Meters for Calendar Years 2013-2014

- Resolution Awarding Contract for the Purchase of Liquified Chlorine Gas
- Resolution Awarding Contract for the Purchase of Cold Water Meters
- Resolution Awarding Contract for the Purchase of Hydrated Lime
- Resolution Awarding Contract for the Purchase of Sodium Hypochlorite
- Resolution Rejecting Bid for the Purchase of Dry Calcium Hypochlorite Briquettes
- Motion Authorizing Rebid for the Purchase of Dry Calcium Hypochlorite Briquettes

Mr. Morrill said that he felt it would be best to go with a two year contract for Liquified Chlorine Gas at \$209 per one hundred pound cylinder. Mrs. Lapa read **Resolution # 13-05 Awarding Contract For Liquified Chlorine Gas**. Motion was made by Mr. Waxman, seconded by Mrs. Fish. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

Mr. Morrill said that a one year contract for cold water meters is \$971,372.50. The two year contract is \$1,218,770. This is very deceiving because there are meters in the contract that the Authority knows it will not buy but it has to be in there. The amount that the Authority will spend will be much less but every single item has to be bid. The difference between a one year and two year contract is about 2.5 percent. If a two year contract is awarded, the Authority is locked into those prices for two

years. Mr. Morrill feels that a two year contract is better because the Authority will not have to bid again. Mrs. Lapa read **Resolution # 13-06 Awarding Contract For Cold Water Meters To Lowest Bidder**. Motion was made by Mr. Theibault, seconded by Mrs. Fish. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

Mr. Morrill said that the difference between the one and two year contract for hydrated lime is approximately thirty cents per bag. This breaks down to about three percent. Mr. Morrill feels that the Authority should go with the two year contract because it locks the price and it is a small percentage increase. Mrs. Lapa read **Resolution # 13-07 Awarding Contract For Hydrated Lime To Lowest Bidder**. Motion was made by Mr. S. Flancbaum, seconded by Mr. Theibault. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

Mr. Morrill said that for sodium hypochlorite it is cheaper to go with a two year contract than a one year contract. Mrs. Lapa read **Resolution # 13-08 Awarding Contract For Sodium Hypochlorite To Lowest Bidder**. Motion was made by Mr. S. Flancbaum, seconded by Mrs. Fish. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

Mr. Morrill said that there is a resolution rejecting the bid for dry calcium hypochlorite briquettes, because it did not meet the requirements of the Authority, and authorization to be re-bid. On page eleven in the packet is the Authority's letter and on page twelve is the Authority's attorney's letter indicating that it must be rejected. Mrs. Lapa read **Resolution # 13-09 Rejecting All Bids And Authorizing New Solicitation Of Bids**. Motion was made by Mr. Theibault, seconded by Mr. Waxman. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

4. Lakewood Toyota Dealership

- Resolution Releasing Performance Guarantee
The Performance Guarantee will be released contingent on the Authority's letter dated January 3, 2013 which can be found in the packet on page thirteen. Mrs. Lapa read **Resolution # 13-10 Release Of Performance Guarantees Lakewood Toyota Expansion**. Motion was made by Mr. S. Flancbaum, seconded by Mr. Waxman. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

5. Route 70 and Vermont Retail Development

- Resolution Releasing Performance Guarantees
This is the Wawa project. In the packet there is a letter dated January 3, 2013 for the release of the Performance Guarantees contingent on the items in the Authority's letter. Mrs. Lapa read **Resolution # 13-11 Release Of Performance Guarantees Route 70 And Vermont Retail**

Development. Motion was made by Mr. Theibault, seconded by Mr. Waxman. On a **voice vote**, all members present voted, "**Aye**". **Adopted.**

6. Administration Building Landscaping and Irrigation Work

- Resolution Awarding Change Order #1

The Change Order is for the landscaper in the amount of \$1,408.00 for the construction of pillars by the handicapped ramp. It was not included in the original scope. Mr. Waxman asked Mr. Morrill if he recommends it. Mr. Morrill said he does. Mr. Morrill said that there will be one more later on for minor adjustments. Mrs. Lapa read **Resolution # 13-12**

Authorizing Change Order No. 1 and Extend Contract Landscaping And Irrigation Services For The Administration Building. Motion was made by Mr. S. Flancbaum, seconded by Mrs. Fish. On a **voice vote**, Mr. Theibault, Mr. S. Flancbaum Mr. Waxman and Mrs. Fish voted, "**Aye**". Senator Singer abstained. **Adopted.**

7. New Hampshire Avenue Treatment Plant

- Resolution Awarding Change Order #9 for Contractor
- Resolution Awarding Change Order #4 for Professional Services Contract
- Resolution for Professional Services Contract

There is a letter from Hatch Mott MacDonald in the packet on page twenty giving all the prices for the Change Order. On pages twenty two and twenty three is the actual Change Order document. Everything that it includes is listed. It lists the addition of a sink, stairs for the Operations Building, sludge pump piping, changing the paving and a credit for the deletion of handrails that will be done by a local contractor. Mrs. Lapa read **Resolution # 13-13 Authorizing Change Order No. 9 Expansion and Upgrades To New Hampshire Avenue Water Treatment Plant.** Motion was made by Mr. S. Flancbaum, seconded by Mr. Waxman. On a **voice vote**, all members present voted, "**Aye**". **Adopted.** The resolution for Change Order #4 will be discussed by the Executive Director Report. The resolution for Professional Services Contract will be struck as the Authority did not hear back from the people for that contract.

8. Cedar Bridge Raw Water Mains

- Resolution Awarding Change Order #2 for Professional Services Contract

This is for Hatch Mott MacDonald in the amount of \$19,500. There were substantial changes. The Water Main was realigned and then there were issues with the County that had to be dealt with. Mr. Morrill feels that this amount is justified. Mrs. Lapa read **Resolution # 13-14 Authorizing Change Order No. 2 To Professional Services Contract Cedar Bridge Raw Water Main Project Contract No. 18.** Motion was made by Mr. Waxman, seconded by Mrs. Fish. On a **voice vote**, Mr. S. Flancbaum Mr. Waxman, Mrs. Fish and Senator Singer voted, "**Aye**". Mr. Theibault abstained. **Adopted.**

9. GIS Updates 2013

- Resolution for Professional Services Contract

This year the Authority asked for a budget from the consultant. This is for any changes the Authority might have to do to the mapping if any errors were found or if any adjustments would be needed to be made. This was done in the past under general engineering. This way the Authority has a budget to work with. Mrs. Lapa read **Resolution # 13-15 Awarding Professional Services Contract Without Public Bidding Pursuant to N.J.S.A. 40A:11-4.1, et seq.** Motion was made by Mr. Waxman, seconded by Mrs. Fish. On a **voice vote**, all members present voted, **"Aye". Adopted.**

10. As-Built Drawings for Residential Applications 2013

- Resolution for Professional Services Contract

This was discussed at last month's meeting. If the Authority has a residential application, this covers the inspector, the survey crew and the updating of the mapping. Mrs. Lapa read **Resolution # 13-16 Awarding Professional Services Contract Without Public Bidding Pursuant to N.J.S.A. 40A:11-4.1, et seq.** Motion was made by Mr. S. Flancbaum, seconded by Mr. Theibault. On a **voice vote**, all members present voted, **"Aye". Adopted.**

11. Garden State Parkway Widening and Interchange Improvements

- Resolution Awarding Change Order #1

This is for the consultant. The Authority had an issue with the location of the Water Main. It was marked out based on the Authority's understanding of where the Water Main was, but it was not there. Some test pits had to be done. These fees will be passed on to the Parkway, but a resolution is needed to authorize the Authority's payments. Mrs. Lapa read **Resolution # 13-17 Authorizing Change Order No. 1 and Extend Contract Observation Of The Garden State Parkway Widening And Interchange Improvements.** Motion was made by Mr. S. Flancbaum, seconded by Mrs. Fish. On a **voice vote**, all members present voted, **"Aye". Adopted.**

12. Route 88 73 Unit Development – Project Status

A request for Bond Reduction was received on December 26, 2012.

There are three letters from Neka. Although two of the letters reference the thirty three unit development, all of these facilities were installed as part of the seventy three lot development in order to make it feasible. This includes the off-site water, off-site sewer and on-site work. The inspection and punch list is not ready and will be done later on by a phone poll. Mr. Theibault questioned who the builder is. Mr. Flancbaum said that the general contractor is Platinum Developers.

13. Meter Replacement Phase 2 – Project Status

Will be discussed later.

14. Brick Township Municipal Utilities Authority Interconnections – Project Status

Mr. Morrill wanted to bring to the Commissioners attention the problems that the Authority has been having with the engineer on the project. He is pulling out of the second phase. Mr. Morrill said he met with a second engineer who will be giving a proposal to finish the second interconnection. Mr. Waxman asked why the engineer pulled out. Senator Singer said that was the discussion earlier regarding Avakian. The Authority has no idea why. Mr. Morrill said that there are several documents in the packet that could be read that try to explain what happened. This project is getting back online. The materials are being ordered as we speak.

15. Bid for Snow Plowing Services – Project Status

It was put out to bid. No bids were submitted. The Authority will have to hire someone. Senator Singer said he thinks that the Authority needs to get someone on a regular basis, when there will be a two inch snow fall and not just when there is an emergency. If the Authority waits for an emergency, the Authority will be the last one on line. The Township has helped in the past but the Authority is not their number one priority. If there is a fourteen inch snow, the Authority's vehicles would get wrecked trying to move such a large amount. Mr. Morrill said that he will try to identify a few contractors. The Authority will send them the bid documents and work with them in order to get bids. Mr. Waxman asked if this is just for New Hampshire Avenue Treatment Plant or all the sites. Senator Singer said that it should be for New Hampshire Avenue and Shorrocks Street Treatment Plants. Senator Singer said that he is also concerned because the two treatment plants are located on County roads and they could very well be plowed in.

Meter Replacement Phase 2 – Project Status

Mr. Morrill would like to inform the commissioners that authorization was received for the revised meters and they are being installed.

VIII. Attorney's Report

Mr. Smith said that at last month's meeting he brought to the attention of the Authority that the paving subcontractor of Underground Utilities filed, what he considers, an illegal Mechanics Lien on the Authority property. Mr. Smith sent them a very strong letter. Renee of the paving subcontractor's office called up and apologized profusely and said she will

remove it. As of yesterday, it was not removed. Mr. Smith said he sent a letter yesterday via email and regular mail saying if it was not removed by the coming Friday, he will start suit. Today he received a fax, which was received yesterday at 5:30 P.M. at the Authority, that the lien was released. Mr. Flancbaum said that he arranged for a joint check to be cut, for Underground Utilities Corporation and Johnson Beran Corporation. They will pick up the undisputed amount and will have a meeting regarding the disputed amount.

Mr. Smith would like to comment on an item on the Executive Director's Report, the resolution for the purchase of gasoline from Lakewood Township. This is a sub-species of cooperative purchasing. This is called a Retail Commodity System. The lead member, which in this case is Lakewood Township, has to file an application and get it approved by the Director for the establishment of the system. Then other members can join. Mr. Smith has a resolution joining because he asked for it many times from Yehuda Abraham, the Purchasing Agent for the Township. The caveat is that the Lakewood System is not yet approved by the Director. So it does not actual exist yet. The resolution can be passed but the contract cannot be done. Mrs. Lapa read **Resolution # 13-18 Resolution Authorizing The Lakewood Township Municipal Utilities Authority To Enter Into A Joint Purchasing Agreement.** Motion was made by Mr. Waxman, seconded by Mrs. Fish. On a **voice vote**, all members present voted, "**Aye**". **Adopted.** Senator Singer said that this is a safeguard for the Authority in case there a gas shortage, there is gas next door. Also, this will avoid having people comment why you are using this gas station as opposed to that one, this one is cheaper etc. Mr. Smith said that he does not know yet if there will be administrative fees above their cost. Senator Singer said the Township always works with the Authority.

IX. Executive Director's Report

1. **Resolution authorizing the signing of a Total Care Agreement with Computer Software, Inc.** for calendar year 2013 in the amount of \$14,256.82

CSI has been the Authority's IT consultant for a while and we have been very satisfied with them. Mrs. Lapa read **Resolution # 13-19 Awarding Contract For Technical Support And Maintenance Of Computer Hardware And Operating Systems.** Motion was made by Mr. Waxman, seconded by Mr. Theibault. On a **voice vote**, all members present voted, "**Aye**". **Adopted.**

2. **Resolution awarding a contract to Duvy's Media, Inc.** for website redesign in the amount of \$9,500.

Mr. Flancbaum and the IT Department met with Duvy's Media this past month. Mr. Flancbaum feels that their price is fair. According to the IT Department their price is lower than what they have seen in the past for similar concepts. Mr. Flancbaum recommends going ahead with Duvy's Media. Senator Singer said that website design is important. If the website design is not good, that is the first thing that people will complain about. Mr. Flancbaum said that he just received notice yesterday from the Local Finance Board that the State is legislating requirements for Authority websites. It will be crucial to have a reputable website developer on board. Mrs. Lapa read **Resolution # 13-20 Awarding Contract For Website Redesign Duvy's Media**. Motion was made by Mr. Waxman, seconded by Mr. S. Flancbaum. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

3. **Resolution adopting Holiday Schedule for calendar year 2013**
Mr. Flancbaum said that as in past years, the Authority's Holiday calendar is based on the Township's calendar. Mrs. Lapa read **Resolution # 13-21 Adopting Holiday Schedule For The Year 2013**. Motion was made by Mr. Waxman, seconded by Mr. S. Flancbaum. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

4. **Resolution authorizing the purchase of gasoline from the Township of Lakewood through its commodity resale system.**
This was discussed during the Attorney's Report.

5. **Resolution awarding Hatch Mott MacDonald an inspection construction observation budget** increase in the amount of \$133,800 in conjunction with Contract 17- New Hampshire Avenue Water Treatment Plant Expansion.

Mr. Flancbaum has a power point presentation. The Change Order request is multi-faceted. It is broken down to several different categories. Some will be recommended for approval today and some will not be recommended for approval at this time. Senator Singer explained that this is the large amount of money that Hatch Mott MacDonald wants from the Authority. It was discussed with Mr. Flancbaum and Mr. Morrill and it was also discussed at the Budget Meeting. This is what we feel the Authority created and wanted to have done. The reason the Authority gave Hatch Mott MacDonald another contract earlier in the meeting, is because they have the contract for DEP Compliance every year without any problems. It was felt that in another firm is brought in, it might disrupt it. As long as we can document that the Authority is paying them for what they have done it is not a problem. Mr. Waxman asked if they will litigate the balance. Senator Singer said they have not litigated anything yet. They are entitled to get some money. If we hold back all the money, then we force them to go to litigation. Mr. Flancbaum said that the original

Construction Observation Budget that was given to the Authority in 2008 was for \$600,000. The Authority approved an increase in October 2010 for \$49,500. This was based on changes prior to bid. The current request which was submitted in August 2012 is for \$410,500. It is broken down into five categories.

Category 1 - Filter issues- \$72,500

This was approved by the Authority in October 2012. This was for various filter issues. It was already discussed at a previous meeting.

Category 2 Instrumentation and Control Issues- \$53,500

Mr. Flancbaum said that he is recommending this for approval today. In 2008 when Hatch Mott MacDonald submitted their construction observation budget, the Authority did not have an IT Department. At time of bid in 2010, the IT Department was in place and much of Instrumentation and Control work was pulled from the contract. An example of what was pulled was radio systems, programming of SCADA system and controllers. During the construction process modifications were done to ensure that the goals and vision of the IT Department and the operators were accomplished. A few examples are consolidation of Remote Terminal Units, inclusion of IT equipment room in Vehicle Storage Building and obtaining control/ communication capabilities in various equipment which were not part of the bid scope. There was communication between our department and the general contractor's subcontractor, whom the Authority had a previous relationship, to ensure that we would be satisfied with the final product. Hatch Mott MacDonald has submitted backup documentation to us for approximately 360 man hours of additional coordination and communication between the General Contractor and their subcontractors, various suppliers, our staff and our contractors, as well as field observation. Documentation was reviewed with Hatch Mott MacDonald and payment is recommended. The \$53,500 they are requesting is additional work and not part of the original project scope.

Category 3 - MUA Requested Changes- \$80,300

Mr. Flancbaum said this is the second and last category recommending for approval today. There have been approximately sixty change orders that have been approved to date; mostly initiated by our staff to adapt the work to the operators current preferences as the construction progressed. Many of the changes required redesign by Hatch Mott MacDonald. They had to go to their support groups prior to contacting the General Contactor regarding the Change Orders. Negotiations were conducted with General Contractor to ensure that the work was done in a cost-effective and timely manner. In addition to those, many inquiries arose during construction that ultimately did not require change orders. Either they were technically or economically unfeasible. These items never made it to the table as Change Orders but were gone through. Hatch Mott MacDonald submitted backup documentation for approximately 600 man-hours. It was basically spent in in developing and reviewing requested and proposed change orders. Documentation has been reviewed and payment is recommended

Category 4 - Contractor Coordination Issues- \$67,200

Mr. Flancbaum is not recommending this category for payment at this time. The basis for their request is that Hatch Mott MacDonald feels that their coordinating with utility companies, suppliers and sub-contractors was over and above their inspection budget and work that the General Contractor should have done. This category goes back to the beginning of the project and the Authority was not notified that they are doing this work that the General Contractor should have done. Neither was the General Contractor notified. At the end of the project everyone will have to sit down and work it out.

Category 5 - Additional Inspection Due to Extended Work- \$125,000

Mr. Flancbaum is not recommending for payment at this time. We are waiting for backup documentation. The Authority's knee jerk reaction of this category is that with every Change Order comes a request for additional time. If the extended work was due to requests from the Authority and they were on the job for the benefit of the Authority then it will be recommended for payment. If the additional time was for other reasons such as the General Contractor was not meeting certain contractual obligations on their end, the Authority should not have to pay for it. It should go to the General Contractor. Senator Singer said that the Authority will pay for what was recommended puts the Authority is a better stead than not just paying anything. Any work that is done has to be documented. At the end there will have to be negotiations with the contractor. Mr. Smith said that for payment the work has to documented and authorized.

Hatch Mott MacDonald requested an additional \$12,000 for the construction observation of the monitoring well construction. The Authority is waiting for receipt of DEP approval. If the approval will be received while they are still on the job, the entire \$12,000 may not have to be granted. Mr. Flancbaum is not recommended at payment of the \$12,000 at this time. If it comes up, it may be recommended at a future date. The total amount recommending for today is \$133,800 as a construction budget increase for Contract No. 17 with Hatch Mott MacDonald. Senator Singer thanked Mr. Flancbaum for the presentation. Mr. Waxman complimented Mr. Flancbaum of the presentation. Mrs. Lapa read **Resolution # 13-22 Authorizing Change Order No. 4 Contract No. 17 Expansion and Upgrades To New Hampshire Avenue Water Facilities**. Motion was made by Mr. S. Flancbaum, seconded by Mr. Waxman. On a **voice vote**, all members present voted, "**Aye**". **Adopted**.

X. Instrumentation/IT Department Report

Mr. Farina reported that the IT Department has been performing ongoing work, correcting any control and instrumentation punch list construction related items at the New Hampshire site.

New Jersey Business System completed all the Ball Park fiber optic installation, tipping and testing of the cabling at the Administration Building, Well No. 4 and Well No. 5 sites.

We have a very promising wireless company called Meridian Microwave. They are scheduled to go to the Leisure Village East Sewer Lift Station this week. This is pending the availability of lift apparatus. They will make repairs to our malfunctioning radio. If their work is found acceptable, we will continue to use them to make further repairs on our system. In the future we may facilitate a service contract with them for our microwave radio network.

We have begun the task of switching out our Bristol Babcock Brand SCADA RTU's with the General Electric type. We began with RTU No. 2 at the Shorrock Street Water Treatment Plant since this is the RTU that the Authority received in compensation for the in-house programming. This replacement project will take place over a considerable amount of time since it has to be done very carefully so that it will not disturb or negatively impact the Operating Water Treatment Plant at Shorrock Street and maintain the day to day responsibilities and activities as well.

Work has continued on a number of additional fronts. One of the more notable projects is the internal work ticket system that we are in the process of implementing. It is being started on a small scale to track web modifications and future customer alert notification. As we test this system, it is going to be evaluated if it has greater applicability, especially with respect to work orders and general operations work flow.

In conclusion, we feel that the Technical Operations Department and the Authority as a whole has made great technological progress in the past several years and would like to personally thank the commissioners for their continued support of our department especially as we take on the New Year and beyond.

XI. Commissioners' Report

Mr. Theibault likes the idea of publicity and put on the website some of the work being done at the Authority. Mr. Flancbaum said he has fact sheets. Mr. Theibault said that is a good idea. Mr. Theibault was wondering if he can get a tour of the new facility. Senator Singer said before the next couple of meetings a schedule of commissioners can be set up for a tour at 9:15 A.M. or 9:30 A.M. or perhaps to stay afterwards. Mr. Theibault said that it seems that the Township might be getting quite a few trees from the Park Department. Mr. Theibault mentioned this at a meeting he had with Senator Singer. The Authority can possibly get some of these trees and put them around the facility where there are not any. Senator Singer said besides for putting trees at the facility, perhaps the Authority can possibly use some trees for the reforestation issue. Senator Singer thanked Mr. Theibault.

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. Waxman and seconded by Mr. Theibault to approve the Operating Vouchers in the amended amount of \$1,156,865.47 [*Further amended by adding voucher from Warshauer in the amount of \$443. 87 for a total of \$1,157,309.34]. On a **Roll Call**, all members present voted, "**Yes**". **Motion passed.**

XV. CLOSED SESSION

XVI. OPEN SESSION

XVII. ADJOURNMENT

A **motion** was made by Mr. Waxman, seconded by Mrs. Fish to adjourn meeting. On a **voice vote**, all members present voted, "**Aye**". The meeting was adjourned at 11:02 A.M.

Respectfully submitted,

Nancy Lapa,
Secretary, LTMUA