



#### **Board of Commissioners**

*Senator Robert Singer, Chairman*

*Raymond Coles, Vice Chairman*

*Anne Fish, Treasurer*

*Samuel Flancbaum, Assistant Secretary*

*Michael Sernotti, Commissioner*

*Craig Theibault, Alt. Commissioner*

*P. G. Waxman, Commissioner*

## **THE LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

### **Regular Meeting Minutes**

**September 1, 2015**

- 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 6, 2015 and The Tri Town News on February 11, 2015.
- III. **Salute to the Flag**
- IV. **Roll Call of Commissioners**  
On the roll call the following Commissioners were present: Mr. Theibault, Mr. S. Flancbaum, Mr. Sernotti, Mr. Coles, Mr. Waxman, Mrs. Fish and Senator Singer. The following professionals and key personnel were present: Mr. Norman Smith, Esq., Mr. Gerwin Bauer, Jr, Auditor, Mr. Justin Flancbaum, Executive Director, Mr. Daniel Rappoccio, CFO, Mr. Paul Morrill, P. E., Mr. Robert Farina, Instrumentation Department Supervisor and Mrs. Nechama Lapa, Secretary.
- V. **Minutes**  
A **motion** to approve the minutes of the Regular Meeting held on August 4, 2015, was made by Mr. Waxman and seconded by Mrs. Fish. On a **voice vote**, Mr. Sernotti, Mr. Waxman, Mrs. Fish and Senator Singer voted, "**Aye**". Mr. Coles abstained. **Motion carried.**
- VI. **Chief Financial Officer Report**
  1. **Financial Results Review for August 31, 2015**  
The Authorities net position for the period ending August 31, 2015 is approximately \$2.7 Million which is approximately \$1 Million ahead of the Year To Date Net Budget through August of \$1.6 Million. The Authority has operating revenues of approximately \$8.8 Million as of August 31, 2015, which is higher than the budget by approximately \$1.1 Million. The Authority continues to receive non-recurring connection fees. To date the

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## **LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

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amount is \$700,000.00. Excluding the non-recurring connection fees the Authority revenue would be ahead of budget by approx. \$500,000.00. This is due to the irrigation at this time of year and a back billing item. The Authority's expenses are \$6.1 Million as of August 31, 2015 and are slightly higher than the Year To Date Expense Budget due to offsetting items including repair and maintenance throughout the year. Otherwise, the expenses are very close to the budget and the Authority is in fine shape through August.

**2. Roll Call to Approve Operating Vouchers**

The Operating expenses have increased by \$104,862.87 from what you received on Friday. The largest increase is in the construction list for \$96,625.00. This is driven by an invoice that was under review for Montana Construction for \$69,000.00. The new Operating expense we are requesting approval for is \$641,848.70. A **motion** to approve amended operating expense was made by Mr. Coles, seconded by Mr. Waxman. On a **roll call**, all members present voted "**Yes**". **Motion passed.**

**3. Provident Bank**

We would like to pass a resolution to open two bank accounts with Provident Bank and deposit \$250,000.00 from Authority reserves into each account. Mr. Flancbaum and I have met with their representatives and they are offering a favorable interest rate of .65% fixed for two years. We have also confirmed Provident is 100% GUPDA protected and they are a member in good standing. Senator Singer handed the gavel to Mr. Waxman. Mrs. Lapa read **Resolution #15-86 Naming Provident Bank As An Official Depository**. Motion was made by Mr. Coles, seconded by Mr. Sernotti. On a **roll call**, Mr. Sernotti, Mr. Coles, Mr. Waxman and Mrs. Fish voted, "**Yes**". Senator Singer abstained. **Adopted.** Mr. Waxman handed the gavel back to Senator Singer.

**4. NJEIT PROJECTS**

On August the 19, 2015 a meeting was held with representatives from the NJEIT to close out the Water Meter Replacement Project and the New Hampshire Avenue Water Treatment Plant project. The funds that remain on both projects, \$230,000.00 for the plant project and \$369,000.00 for the meter project, will be adjusted at the back end of the payment plans of those loans. Senator Singer explained that the leftover monies cannot be used for anything else but those specific projects.

**VII. Accountant's Report**

Mr. Bauer began working on the budget. There will be a meeting for the Capital Budget this week. Two resolutions need to be passed for extensions for Water and Sewer Budgets. Mrs. Lapa read **Resolution #15-87 2015 - 2016 Water Budget Extension**. Motion was made by Mr. Coles seconded by Mrs. Fish. On a **voice vote** all members present voted "**Aye**". **Adopted.** Mrs. Lapa read **Resolution #15-88 2015 - 2016 Sewer Budget Extension**. Motion was made by Mr. Sernotti, seconded by Mr. Coles. On a **voice vote** all members present voted "**Aye**". **Adopted.**

**VIII. Engineer's Report**

**1. Abandonment of the Woodlake Pump Station**

- Motion authorizing Authority Attorney to Condemn Easements

The easement need to be condemned if the details cannot be worked out. The Authority would like to start construction in October. Therefore the easements have to be in place. A **motion** authorizing Authority Attorney to condemn easements was made by Mr.

Waxman, seconded by Mr. Sernotti. On a **roll call**, all members present voted “**Yes**”.  
**Motion carried.**

**2. Airport Road Water Storage Tank Remediation**

- Motion Authorizing Advertising and the Receipt of Bids

A **motion** authorizing advertising and the receipt of bids was made by Mr. Waxman, seconded by Mrs. Fish. On a **voice vote** all members present voted “**Aye**”. **Motion carried.**

**3. East County Line Road 4 Lot Subdivision**

- Resolution Granting Conceptual Approval

This approval is conditioned upon the GTS review letter of August 7, 2015. Mrs. Lapa read **Resolution # 15-89 On Site And Off Site Water And Sanitary Sewer Extension Grant Of Conceptual Approval East County Line Road 4 Lot Subdivision**. Motion was made by Mr. Coles, seconded by Mrs. Fish. On a **voice vote**, all members present voted, “**Aye**”. **Adopted.**

**4. New Hampshire Heights**

- Resolution Accepting Terms of Developer’s Agreement

The only terms in the agreement other than the standard boiler plate is the developer agrees to build an off-site main within Kenyan Drive and abandon a portion of the existing main. Mrs. Lapa read **Resolution #15-90 Authorizing The Execution Of The Developer’s Agreement New Hampshire Heights**. Motion was made by Mr. Waxman, seconded by Mrs. Fish. On a **voice vote** all members present voted “**Aye**”. **Adopted.**

**5. Evaluation of Shorrock Street Water Treatment Plant and Well Field**

- Resolution Awarding Professional Services Contract

When the proposal was reviewed it was found that not all the items were clear. Mr. Morrill is working with the engineer. Mr. Morrill would like this item tabled.

**6. Woodlake Sanitary Sewer Improvements Phase II**

- Resolution Awarding Change Order #2

This Change Order is a credit in the amount of \$2,955.00. Majority of the credit is because the paving that they had done was unacceptable. The owner of the property will take over the responsibility of the pavement. The Authority will enter into an agreement with the owner for the paving of the parking lot. Senator Singer explained that there were a lot of problems with the parking lot. The parking lot was in poor condition before the project started. The Authority’s work made it worse. The problem is that you cannot patch properly if it is in poor condition. The Authority did not end up in litigation. An agreement was made that the Authority will give the amount that would be needed to repair it and they will redo the whole parking lot. The money will be used more wisely for a new one as opposed to a patched one. Mrs. Lapa read **Resolution #15-91 Authorizing Change Order No. 2 Woodlake Sanitary Sewer Improvements Phase II**. Motion was made by Mr. Waxman, seconded by Mr. Sernotti. On a **voice vote** all members present voted “**Aye**”. **Adopted.**

**IX. Attorney's Report**

Last night Mr. Smith and Mr. Flancbaum attended a Board of Adjustment Meeting and made a presentation. The Authority applied for a variance for the antenna for the

microwave communication system. The antenna is higher than the thirty five foot allowance. It is one hundred and twenty feet. The variance was granted unanimously by the Board.

Senator Singer said he would like to send a thank you letter to the Board attorney so he knows that the Authority appreciates his assistance. They were requiring the Authority to have an escrow account. A call was made to their attorney. This is an informational review. In technical terms we do not have to do this. Escrow for \$2,500.00 was not necessary because there was not a technical review. The Board's attorney straightened this out. Senator Singer thanked Mr. Coles and Mr. Smith for their input.

Senator Singer asked for an update on the bonding issue with the Airport Road Storage Tank. Mr. Smith said the bonding company replaced the attorney for the suit. Mr. Smith had a brief conversation with him yesterday and we may be able to work it out. Senator Singer asked if work is being started on getting the repairs underway. Mr. Flancbaum said it will be advertised this month and receive bids.

Senator Singer asked for an update on the arbitration in the New Jersey Business Systems litigation. Mr. Smith said the second round of arbitration has not started yet. Senator Singer reiterated that it should be understood that if it will be the same nonsense as last time, the Authority is not interested in arbitration. Mr. Smith said he reached out to set a date for the second set but has not heard back from Judge Serpentelli. Senator Singer said if a date is not being set, can you please follow up. Maybe if a date is not going to be set, the Authority should change arbitrators. Mr. Smith said it may just be a summer vacation. Generally speaking, during July and August usually the whole court process slows down. Senator Singer asked which judge is assigned to the case. Mr. Smith said the Authority has not appeared before a judge yet. Right now we are doing depositions.

**X. Executive Director's Report**

**1. Resolution Awarding Professional Services Contract to Barlo & Associates Architects**

With the upcoming upgrades to the filtration system at the Shorrock Street Treatment Plant the chemical room will no longer be necessary as the greensand plus will alleviate the need for additional treatment. The Authority would like to convert a portion of the existing chemical room to a control room. Mr. Farina has been talking about this for the past couple months. A proposal was received from Barlo and Associates Architects of Brick, NJ to prepare the development drawings and construction drawings. Also included in the price would be two site inspections during construction. The proposal has a total fee not to exceed \$5,800.00. Mr. Flancbaum said he feels this is very reasonable for the work that they will be doing. Mrs. Lapa read **Resolution #15-92 Awarding Contract To Barlo And Associates, Architects, LLC For Interior Alterations To Shorrock Street Water Treatment Plant.** Motion was made by Mr. Coles, seconded by Mrs. Fish. On a **voice vote** Mr. Sernotti, Mr. Coles, Mr. Waxman and Mrs. Fish voted, "**Aye**". Senator Singer abstained. **Adopted.**

**2. Resolution Authorizing Request for Proposals for Electrical Consumption Optimizing Equipment**

Several meetings were held with a company called Adirondack Energy. They provide devices which reduce unwanted power corruption from electrical loads within a building. They looked at both of our water treatment plants and concluded that the Shorrock Street Water Treatment Plant would be a viable candidate. They conducted an audit of the facility and showed the return on the investment of the initial purchase of the equipment and what the savings would be over a fifteen year period. Several references were contacted. The references include different Utilities Authorities that have done business with this company over the last fifteen years. Some of the references are Camden County MUA, Landis Sewage Authority and Evesham. They all say that this company exceeded their expectations and have been saving a lot of money with this equipment. A firm price of \$46,000.00 is the initial outlay for the equipment. The average savings would be around \$15,000.00 a year. The Authority would start making back money after three years. In year three there would actually be a return of \$600.00 to \$700.00. At year four there would be \$17,600.00 in savings. When factoring in inflation of three and one half percent per year, after year fifteen they say that the Authority would have \$248,000.00 in savings. This would have to go out for bid. Mr. Farina said this would utilize the power more efficiently; it electronically controls the power from being wasted. Senator Singer asked why we would not have this system in the New Hampshire Avenue Treatment Plant. Mr. Farina that the plant is not used enough. It will be a candidate in the future. Mr. Rappoccio said he spoke with the Camden Executive Director and they have been using this company for close to twenty years. Their facility is much bigger than the Authority's. This company has exceeded the expectations. Mr. Flancbaum said a resolution is needed to authorize to go out to bid for the equipment. The company would have to provide a guaranteed savings in the bid. Senator Singer asked if this item was put in this year's budget. Mr. Rappoccio said it is not. Mr. Flancbaum said it will probably not be put in until next fiscal year in November. Mrs. Lapa read **Resolution #15-93 Authorizing A Request For Bids For Electrical Consumption Optimizing Equipment**. Motion was made by Mr. Coles, seconded by Mr. Waxman. On a **voice vote** all members present voted "**Aye**". **Adopted.**

3. **Resolution Ratifying Authorization to Enter into a Power Purchase Agreement**  
Upon completion of the competitive contracting process with our consultant, T&M Associates, on August 14, 2015, the Authority awarded the contract for the solar field project to Advanced Solar Products of Flemington together with Sun Edison. Their proposal received the highest score during the competitive contracting process. Both price and financial strength of the company was factored in. It was determined that they will be able to provide the level of service and sustainability that the Authority is looking for the fifteen year program. Last month a resolution was passed to award the contract based on the consultant's recommendation. This resolution gives authorization to enter into the agreement. Mrs. Lapa read **Resolution #15-94 Authorization To Execute A Power Purchase Agreement**. Motion was made by Mr. Waxman, seconded by Mrs. Fish. On **roll call**, all members present voted "**Yes**". **Adopted.**
4. **2015 Tax Sale**  
This year's tax sale is scheduled for October 23, 2015. The first list was compiled on July 15, 2015 with 459 delinquent accounts and \$203,230.98 in outstanding balances through December 2014. As of last Friday, August 28, 2015 there are 359 delinquent accounts and \$152,503.48 in outstanding balances. Over the last one and one half

months approximately \$50,000.00 in outstanding balances was paid. The tax sale process of collecting delinquent balances continues to be extremely effective.

**5. Closed Session-Contract Negotiations**

**XI. Commissioners' Report**

**XII. MEETING OPEN TO THE PUBLIC**

Mr. Jim Brown from EZ Energy/Altec, one of the companies that bid on the solar project asked to be heard. Mr. Brown gave out a document with the information he will present. Mr. Brown said his team bid on the first bid on this project as made in America and no one else did. Those bids were thrown out. By the second bid on this project his bid was in on time and the other bid was not in the bid room on time because of a FedEx mistake. It is the company's responsibility to get it in on time. The second set of bids was thrown out. The third bid on this project our company sized the system as per RFP specifications of the solar project. This meant a smaller size system than can fit on the field. A competitor bid a larger sized system using information that was not in the RFP and therefore showed a little bit more savings over the fifteen year term of his bid. There was a request for clarifications after the bids were in. They asked if there was a larger usage at the utility would your company be able to provide a larger system at that price. Which his company did as requested. His company's price is lower than the competitor both on a PPA rate and an escalation rate. But that was not used in the evaluation. Another point Mr. Brown wanted to bring to the Authority's attention is the company, Sun Edison, which is financing the project for fifteen years has been losing money for the past three years and also this year. Additionally, the calculations that T&M Associates used in the evaluation were not correct. They were awarded four out of five points in the body of the evaluation. In the summary we received fewer points. In all the calculations except for Advance Solar the math is wrong and do not add up correctly. Based on what was he presented, Mr. Brown thinks that his company should be awarded the Solar Field contract. The wrong system size was used. It is very clear in the addendum the size of the system as that would be not be acceptable to BTU and the utility. T&M Associates ignored it and made a recommendation to award the contract to Advanced Solar Projects. Mr. Brown is requesting for the award of contract to be re-evaluated. Mr. Brown is documenting this. Mr. Brown said, as he mentioned to Mr. Flancbaum earlier, that T&M Associates that does the RFPs for Utilities does a proper evaluation because it hurts the small local businesses such as us to be improperly evaluated based on the specifications. Mr. Brown wants to make it very clear to them they have to go by what the specifications are and not just have someone bid whatever they want and evaluate based on that. Mr. Brown has documentation that he will give. Mr. Smith asked if Mr. Brown can put these points in a written document. Mr. Brown said he sent a letter to Mr. Flancbaum and it is in the documents that he brought and distributed. Mr. Flancbaum said he met with Mr. Brown before the meeting and he told Mr. Brown that the Authority's attorney will review the documentation provided. Senator Singer told Mr. Smith to review the documents. Mr. Smith said he will do it today. Senator Singer thanked Mr. Brown for his comments. Mr. Brown said he does not want to cause any trouble but he does want a fair evaluation done. Senator Singer said the entire interest in this is for the best for the rate payers and the Authority and he thanked Mr. Brown for coming. Mr. Smith will respond with an answer.

### **XIII. MEETING CLOSED TO THE PUBLIC**

#### **XIV. Instrumentation/IT Department Report**

##### **1. Microwave Radio/Antenna Install Report**

Our Radio/antenna contractors have installed the heavy duty magnetized mounts on our New Hampshire Avenue tower. This is the last of the installation steps for the main trunk line loop system. All equipment is continuing to work fine. As previously mentioned, last night the Zoning Board granted the Authority approval and we can now move forward with the Shorrocks Street tower construction.

##### **2. Shorrocks Street SCADA and IP Address Changeover Status**

Mr. Farina has set a definitive timeline with regards to completing the Bristol SCADA to GE equipment conversion and our SCADA IP domain addresses by no later than the end of the year. As a result of that completed task, we are planning to reduce our present contract with our outside contracted integrator, Mr. Calabrese, from a full year to a month to month, hoping not to exceed six months. Then continue with an occasional consultation site visit on an as need basis only.

##### **3. ASR Well #17 Recharging Status**

The Authority has now received the dosing and chemical bulk storage requirements from our engineering consultant, Hatch Mott McDonald, as it relates to the recharging effort for ASR Well No. 17. Mr. Farina has already begun the task of procuring the necessary pumps, scales and other materials needed to install and implement the injection processes that will be performed in house.

##### **4. Ground Tank Report**

Mr. Farina had a three foot wide by two inch thick base of river rock installed completely around the base of our Shorrocks Street Ground Tank in an effort to mitigate the rapid mildew buildup on the tank that requires the need to power wash often. It was explained that the mildew actually works its way from the ground upwards.

##### **5. Wells 1 & 3 Project Status**

Mr. McGregor, Mr. Morrill and Mr. Farina have completed the equipment submittal review with the engineering consultants from Remington Vernick and are now prepared to move forward with the Wells No. 1 and No. 3 projects.

##### **6. IT Status Report**

###### **Computerized Maintenance Management Systems Progress**

Our Computerized Maintenance Management System is up and running and Operations Department is settling in well. They are entering in work orders and finding their comfort zones with the software.

###### **Vehicle GPS Report**

The GPS tracking 60 day pilot program is moving forward very well. We are now in the process of setting up reports.

###### **Human Resource Management System**

A decision has been made with regards to the software pertaining to the Human Resource Management System for HR and Payroll. We are now reviewing the Licensing agreement.

#### **Disaster Recovery Plan**

We are beginning the Phase Three development of our disaster recovery plan.

#### **Site Security Update**

Upon receiving our attorney's review of the contractual agreement between the Authority and our Security vendor, Reliable Safety Systems, several issues with the contract must be rectified and we will then be able to proceed forward with the completion of the arming and monitoring of the rest of our properties.

#### **GIS Status Report**

GIS implementation is ongoing and the vendor is starting to be in compliance with our requests for quarterly progress reports and better billing practices.

Senator Singer said he supports the direction being taken with the outside SCADA contractor. If additional help is needed at some point, then come back to the commissioners.

#### **XV. CLOSED SESSION**

The meeting went into closed session for contract negotiations at 10:35 A.M. Mr. Flanbaum said that Mr. Rappoccio, Mr. Morrill and Mr. Ponsi will be part of the closed session. Mrs. Lapa read **Resolution #15-95 To Go Into Closed Session**. Motion was made by Mr. Waxman, seconded by Mrs. Fish. On a **voice vote** all members present voted "**Aye**". **Adopted**.

#### **XVI. OPEN SESSION**

Meeting went into open session at 10:52 A.M. Senator Singer said that contract negotiations with New Jersey American Water Company were discussed concerning service areas. That will be released as soon as the maps are finalized with what the Authority's area is and what their area is.

#### **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 10:53 A.M.

Respectfully submitted,

Nechama Lapa,  
Secretary, LTMUA