



Board of Commissioners

Senator Robert Singer, Chairman

Raymond Coles, Vice Chairman

Anne Fish, Treasurer

Samuel Flancbaum, Assistant Secretary

Michael Sernotti, Commissioner

Craig Theibault, Alt. Commissioner

P. G. Waxman, Commissioner

THE LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Regular Meeting Minutes

June 2, 2015

- I. Senator Singer opened the meeting at 10:01 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. Sernotti, Mr. Coles, Mr. Waxman and Senator Singer. Mr. Theibault was seated as an alternate. The following professionals and key personnel were present: Mr. Norman Smith, Esq., Mr. Gerwin Bauer, Auditor, Mr. Justin Flancbaum, Executive Director, Mr. Daniel Rappoccio, CFO, Mr. Adam Ponsi, P. E., Mrs. Nechama Lapa, Secretary and Mr. Robert Farina, Instrumentation Department Supervisor.
- V. **Minutes**
A **motion** to approve the minutes of the Regular Meeting held on May 5, 2015, was made by Mr. Coles and seconded by Mr. Waxman. On a **voice vote**, all members present voted, "**Aye**". **Motion carried.**
- VI. **Chief Financial Officer Report**
 1. **Financial Results Review for May 31, 2015**
The Authorities net position for the period ending May 31, 2015 is approximately \$1.2 Million which is \$605,000.00 ahead of the Year To Date Net Budget of \$597,000.00 through May. The Authority has operating revenues of approx. \$5.5M as of May 31, 2015, which is higher than the budget by \$651,000.00. The Authority continues to receive non-recurring connection fees, and to date the amount is \$472,000.00. This

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continues to be the main driver of the favorability on the Revenue Line. The water and service charges have turned the corner and are now favorable to the budget by \$127,000 which is attributable to entering the irrigation months. As mentioned at previous months' meetings, the Authority was slightly behind the budget on the water and service line and it was expected that in the summer months the Authority would pull ahead in the budget on the revenue side. Senator Singer said that this was the driest May in fifteen years. Mr. Rappoccio continued saying that the Authority expenses are \$4.3 Million as of May 31, 2015 which is slightly higher than the Year To Date Expense Budget due to offsetting items which include higher repair and maintenance items offset by lower than budgeted water purchased of \$31,000.00. As of May 31, 2015 the Authority is in very nice financial status. Senator Singer questioned if the Authority is overestimating the water purchase. Mr. Rappoccio answered that Authority stopped purchasing water from Brick Township MUA in the previous months. Mr. Flancbaum said this was done when there was an ammonia issue towards the end of last year. The Authority turned off the interconnection with Brick Township MUA during the investigation of the ammonia issue.

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

The Operating expenses have increased by \$19,676.01 from what was received in the packet. The increase is driven by the following items: \$10,402.50 for the Authority Attorney, \$5,588.33 for T&M Associates, \$1,650.00 for OCUA Application fee and \$2,035.00 for three late operating expenses invoices were received. The new operating expense we are requesting approval for is \$1,095,919.48. Senator Singer questioned why are we adding on bills that are coming in late. Mr. Flancbaum said we attempt to put everyone on the bill list even if the bill comes in late. T&M Associates submitted four invoices yesterday. Mr. Flancbaum said he made it very clear to them that one or two invoices might be okay. Invoices should be submitted at least ten days before the meeting. Senator Singer said at least the Friday before. Mr. Flancbaum said the reason he told them ten days before the meeting is so that there will be time to review them. The check for the Ocean County Utilities Authority was a last-minute check cut for the Woodlake Pump Station Elimination Project. We wanted to get that in sooner and not wait. Mr. Rappoccio would like to request a motion to approve amended operating total of \$1,095,919.48. A **motion** to approve amended operating expense was made by Mr. Waxman, seconded by Mr. Coles. On a **roll call**, all members present voted "**Yes**". **Motion passed.**

Mrs. Fish arrived at 10:04 A.M.

Mr. S. Flancbaum arrived at 10:05 A.M.

Mr. Theibault is no longer seated as an alternate.

VII. **Engineer's Report** - Mr. Ponsi reported on behalf of Mr. Morrill

1. **Update of Rules and Regulations**

- Motion Approving Addendum #13 to the Rules and Regulations

This addendum would require tracer wires so that nonmetallic types can be found. Mr. Flancbaum said that most other Utilities Authorities also have a requirement for tracer wires to be installed. **Motion** to approve Addendum Number 13 to the Rules and Regulations was made by Mr. Waxman, seconded by Mr. Coles. On a **voice vote** all members present voted "**Aye**". **Motion carried.**

2. Woodlake Pump Station Upgrade Analysis

- Resolution Awarding Change Order #1

CME Associates was approved to do the analysis of the Woodlake Pump Station. The analysis will let us know what needs to be done in order to keep it running. This change order would allow CME Associates to do a lifecycle cost analysis. The cost analysis will allow us to see the total cost of the pump station to keep it running for twenty five years. Mrs. Lapa read **Resolution #15-55 Authorizing Change Order No. 1 Woodlake Pump Station Upgrade Analysis**. Motion was made by Mr. Coles, seconded by Mr. Sernotti. On a **voice vote** all members present voted **“Aye”**. **Adopted**.

3. Water Master Plan 2015

- Resolution Awarding Professional Services Contract

The Authority is in the process of updating the Sewer Master Plan. This was started last year. It is over a decade since the Water Master plan was developed. The Authority received a proposal from Hatch Mott MacDonald to update Authority's Water Master Plan for a total cost of \$104,500.00. Mr. Flancbaum said this was a budgeted cost. Senator Singer wants Hatch Mott MacDonald to know that there will be no overrun costs on this. Senator Singer said he would like it perfectly understood. If there are any cost overruns, he will cancel the contract. Mrs. Lapa read **Resolution #15-56 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**.

4. Flushing Hydrant Installations

- Resolution Awarding Professional Services Contract

This is for flushing hydrants installations at dead end lines. This contract for professional services will be awarded to Owen and Little to do the design and bid documents for the installation of the flushing hydrants. The amount of the proposal is \$12,150.00. Mrs. Lapa read **Resolution #15-57 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. Waxman. On a **voice vote** all members present voted **“Aye”**. **Adopted**.

5. Repair and Replacement of Critical Radio Equipment

- Resolution Awarding Change Order #2

Mr. Morrill mentioned at last month's meeting that that a change order will be needed due to inferior work done by New Jersey Business Systems. This change order is for Ceragon and is for welding and custom fabrication in the amount of \$19,474.00. Mrs. Lapa read **Resolution #15-58 Authorizing Change Order No. 2**. Motion was made by Mr. Coles, seconded by Mr. Waxman. On a **voice vote** all members present voted **“Aye”**. **Adopted**.

6. Wells #1, #3, & #5 Building Rehabilitations

- Resolution Awarding Contract

Well No. 19 is a replacement well for Well No. 5. On May 7, 2015 four bids were received. This is the second bidding for this project. The low bidder is Iron Hills Construction in the amount of \$1,352,000.00. This is over \$100,000 less than the previous round of bids. Mrs. Lapa read **Resolution #15-59 Awarding Contract For Well Nos. 1, 3 and 5 Building Rehabilitations**. A discussion took place regarding the

title of the resolution stating Well No. 5 and that well now is replaced with Well No. 19. Mr. Smith said it is okay for the resolution title to state Well No. 5. Motion was made by Mr. Waxman, seconded by Mrs. Fish. On a **voice vote** all members present voted **“Aye”**. **Adopted**. Senator Singer asked why we went from Well No. 5 to Well No. 19. Mr. Flancbaum said it goes in sequential order. Well No. 5 is one of the original wells and now we are up to Well No. 19 on the DEP list.

7. Solar Energy Feasibility

Resolution Awarding Contract

The resolution will reject all bids and authorize to rebid. The low proposal received had multiple problems with it. One is that they did not submit a bid bond. Mr. Flancbaum said they submitted a photocopy and not the original bid bond. Senator Singer said that the difference between the lowest bidder and the next bidder was substantial. So we cannot just knockout the lowest bidder and go to the next one. Also T&M Associates made a mistake in the advertising of the bid. They put in that you cannot have any parts manufactured outside the United States. The company that was the lowest bidder had parts from Canada. The Authority never required that. T&M Associates put it in by mistake. The lowest bidder is an international company which manufactures parts in Canada. If the Authority would have awarded the bid to them, Authority would have been in a lawsuit with the second lowest bidder. T&M Associates will prepare the bid at their expense and advertise the bid. We will have it in by next month and we will be able to award the contract. The company that bid on it understands where their deficiencies were. Perhaps the Authority will get a better bid. The Authority has no allegiance to the company. Mrs. Lapa read **Resolution #15-60 Rejecting All Bids And Authorizing New Solicitation Of Bids Solar Photovoltaic System**. Motion was made by Mr. Waxman, seconded by Mr. Coles. On a **voice vote** all members present voted **“Aye”**. **Adopted**.

VIII. Attorney's Report

Mr. Smith said that the Authority has a new lawsuit. It will not last very long. Horizons at Woodlake Greens Homeowner's Association are fighting with the owner of the project who is selling the project. The essence of the Homeowner's Association's complaint against the owner, which is a couple of hundred pages long and has a fourteen count complaint, is that the owners are milking the assets and cheating the Homeowners Association. This has nothing to do with Authority. The Homeowners Association is desperate to conserve their resources. They see that the Authority has around \$35,000 in escrow and the Homeowners Association wants that money. That money is the Authority's money. It is pursuant to the law and is in escrow. The Authority has the right to keep it and is not giving it up. Mr. Smith said he is preparing an answer contesting counts 9 and 10 of the fourteen counts that is against the Authority. Both counts basically say the same thing, that they want this money. Mr. Smith said he is filing an answer that says no and he will file a motion to dismiss it. Mr. Smith thinks it will be granted. Mr. Waxman asked what we are holding this escrow for. Mr. Flancbaum answered it is the cash portion of the Performance Bonds. Senator Singer said they did not finish the project. Mr. Flancbaum said they finished the installation of the actual infrastructure but the bond cannot be released until all the paving is done, which was not completed yet. Senator Singer said the bond money does not go back to the Homeowner's Association; it goes back to whoever posted it, the builder. The Authority's problem is that we have to wait till everything is done. More houses are still

being built. Mr. Coles said that the Township is calling in their bonds for everything else. The owner is going for bankruptcy. The Township sold the tax lien on the clubhouse which is now being foreclosed on. Senator Singer said that the person that bought the tax lien did not know what they bought. There is nothing to do with the clubhouse. Mr. Waxman asked who bought the lien. Senator Singer said an international group that buys tax liens. A conversation ensued on the tax lien on the community clubhouse.

New Jersey Business Systems Litigation - Mr. Smith said he is working on depositions. Senator Singer asked if they would like to settle. Mr. Smith responded that a mediation date is coming up. Senator Singer asked what the Authority is suing for. Mr. Smith answered the suit is for actual damages, around \$500,000 to \$600,000, and punitive damages are triple that amount. There is going to be a one-day mediation on court order before the deposition are started. The judge is requiring it. This is just to see if there is an area that can be resolved before the depositions. Mr. Smith said he selected Judge Serpentelli to be the mediator and it has been agreed upon. A date was set up for exploratory mediation. Mr. Smith said he spoke to the insurance company's attorney regarding settling. The attorney said that we will talk in front of Judge Serpentelli. The attorney said the Authority needs to understand that the insurance company does not cover punitive damages. They will cover the loss. It is not part of the policy. He wanted to warn that when talking about settlement, he will not respond to a punitive damage claim. Senator Singer said if they are in for the \$600,000 then the Authority can go after the company for the balance. Mr. Smith agreed. Senator Singer asked if the Authority can settle with the insurance company and then continue the lawsuit for the other part. Mr. Smith said it can be done in theory. But a settlement is a two sided agreement. If they agree to it, then it can be done. If it is agreed upon that we can settle on the direct loss and then go after the company itself for punitive damages. But the insurance company will be out if it after the actual losses are taken care of. Mr. Smith said it is certainly on his mind to do this. But they have to agree to it. Senator Singer said perhaps they may agree to wrap it all into one and the company will come up with some money. Mr. Waxman asked if it could be put on the table now and demand a settlement for punitive damages. Mr. Smith said it is on his to do list when he sees Judge Serpentelli.

IX. Executive Director's Report

1. Resolution Awarding Contract to Ergophobia, LLC (DBA Blazing Visuals) for Monument Sign

A RFP opening was held on May 12th, 2015 for a monument sign in front of the complex on New Hampshire Avenue. One proposal was received. It was from Ergophobia, LLC which does business as Blazing Visuals. Their proposal was for \$22,358.00. This is for an LED sign. Message, notes and news can be posted on it. Mr. Flancbaum showed a picture of it. The sign will be two sided. The lettering will be visible from the street. The exterior will be faux stucco and the color will match the building. It will be very useful. A separate proposal was received for the electric. Electric will have to be run from the corner of the building to the sign. Mr. Coles asked if the lettering will be red. Mr. Flancbaum said yes. Mr. Coles said to check with the building department because the sign may be too close to the traffic light at the end of the street to have red lettering. There was a problem with the Strand Theater. They were not allowed to have a red LED sign at the intersection. Mr. Flancbaum said he will. Any color can be done. Mrs. Lapa read **Resolution #15-61 Awarding Contract For A Monument Sign**. Motion was made

by Mr. Coles, seconded by Mr. Sernotti. Senator Singer handed over the gavel to Mr. Waxman because he knows one of the owners of the company. On a **voice vote** all members present voted "**Aye**". Mr. Waxman said the record should reflect that Senator Singer did not participate. **Adopted.** Mr. Waxman handed the gavel back to Senator Singer.

2. **Resolution Awarding Professional Services Contract to IMG Legal Group, LLC**
The last major overhaul of Rules and Regulations was done in 1997 although over the last few years some minor revisions and modifications were made to update to today's standards. The Labor Counsel took a look at our current Rules and Regulations and has submitted a proposal to a complete review and update in the amount not to exceed \$10,000.00. Included in this price is to compile an employee handbook to be utilized as a quick reference guide when employees have questions regarding certain policies. This is something that has been discussed and would like to have it done. Senator Singer asked if this can be discussed in closed. He would like to share some thoughts about this in closed session.
 3. **2015 Consumer Confidence Report**
The CCR has been posted on our website for the past few weeks and postcards are being prepared for mailing well in advance of the July 1st deadline.
 4. **Resolution Authorizing Executive Director to Sign for Permits on Capital Projects**
The purpose for this resolution is that sometimes, for example the Woodlake Pump Station Elimination Project, when you sign the treatment works approval application, it requires a resolution number. When we want to get something out we have to wait for the next month's meeting to pass a resolution. Mrs. Lapa read **Resolution #15-62 Authorizing The Executive Director To Sign Applications For Government Approvals In The Name Of The Authority.** Mr. Smith said that this is customarily done. The County MUA has their chief engineer authorized to sign applications. Mr. Waxman asked Mr. Smith if he believes Executive Director should be the one to sign as opposed to the engineer. Mr. Smith said that the Executive Director is fine and so is the engineer fine. That was not his call, that was Mr. Flancbaum's call. Mr. Smith said that in our case we have a director who is a chief executive person. Mr. Smith thinks that having Mr. Flancbaum is perfect. Mr. Ponsi said it is actually customary in Authorities to have executive director sign. Motion was made by Mr. Waxman, seconded by Mr. Coles. On a **voice vote** all members present voted "**Aye**". **Adopted.**
- X. **Instrumentation/IT Department Report**
1. **Well #15 SCADA Status**
We are nearly complete with the conversion from Bristol equipment to GE equipment at the Well No.15 site. This completes all of our current SCADA well site conversions to GE with the exception to Well No. 2 which will be explained in the next item on the agenda. This allows our current integrator to stay focused and expedite on converting the last Bristol equipment to GE equipment in the Shorrock Street Water Treatment Plant.
 2. **Replacement SCADA Integrator Contractor Update**
Plans were sent out to potential replacement integrator contractors for the Well No. 2 GE conversion project. I have chosen Well No. 2 as a safe project for a new contractor since it is not and has never been connected to the rest of the system. Therefore if there are

problems with the prospective contractors work, it would not threaten the rest of the system. Upon satisfactory completion of this project, the chosen contractor will work on converting our Chlorine skids to GE as well.

3. New Radio/Antenna Installation Status

A firm date has been set, weather permitting, for June 9th to start the installation of the antenna /radio mounting brackets on the New Hampshire and Beacon Hill tank sites. Let's Think Wireless said the work including inspections should take no more than one to two days to complete. Then we can go on to install, set up and commission the new radio/ antenna main trunk system.

4. IT projects and updates

Mr. Farina is reviewing vendor proposals for GPS Tracking and Fleet Management Software.

The Website Alert System is one hundred percent completed.

The HR and Payroll Human Resource Management System Project is in progress. Mr. Farina is working with Mr. Rappoccio on the project. A decision has been made. At the present time we are reviewing the Software License Agreement from the vendor CWS Software

Security – A Disaster Recovery Plan is being developed. For security outline and Implementation, Phase Two is completed. All security passwords have been changed in all locations. Ninety six percent of monitoring has been converted to the new fire and security monitoring company, Reliable Safety Systems, Inc. The New Hampshire and Shorrock Plants are now being monitored for fire and security per State and Local Requirements.

Mrs. Fish left the room at 10:32 A.M.

XI. Commissioners' Report

XII. MEETING OPEN TO THE PUBLIC

There was no response from the public.

XIII. MEETING CLOSED TO THE PUBLIC

XIV. CLOSED SESSION

The meeting went into closed session to discuss personnel at 10:33 A.M. **Resolution #15-64 To Go Into Closed Session.** Motion was made by Mr. Waxman, seconded by Mr. Coles. On a **voice vote** all members present voted **"Aye"**. **Adopted.**

Commissioner Fish did not partake in the closed session for the first two minutes and entered at 10:35 A.M.

XV. OPEN SESSION

At 10:40 A.M. the meeting went back into open session. Mrs. Lapa read **Resolution #15-63 Awarding Professional Services Contract Without Public Bidding Pursuant To N.J.S.A. 40A:11-5(1)(a)(i).** Motion was made by Mr. Coles, seconded by Mrs. Fish. On a **voice vote** all members present voted **"Aye"**. **Adopted.** Senator Singer said that

in closed session this resolution was discussed and now took action approving the resolution.

XVI. ADJOURNMENT

A motion was made by Mr. Coles, seconded by Mr. Waxman to adjourn meeting. On a **voice vote**, all members present voted, "**Aye**". The meeting was adjourned at 10:41 A.M.

Respectfully submitted,

Nechama Lapa,
Secretary, LTMUA