



Board of Commissioners

Senator Robert Singer, Chairman

P. G. Waxman, Vice Chairman

Raymond Coles, Treasurer

Anne Fish, Assistant Secretary

Craig Theibault, Commissioner

Samuel Flancbaum, Alt. Commissioner

Meir Lichtenstein, Alt. Commissioner

THE LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Regular Meeting Minutes

November 1, 2016

- I. Senator Singer opened the meeting at 10:00 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 9, 2016 and The Tri Town News on February 11, 2016.
 - III. **Salute to the Flag**

Senator Singer asked for a moment of silence and prayer in memory of Mr. Donald Ponsi, father of Mr. Adam Ponsi.
 - IV. **Roll Call of Commissioners**
On a roll call the following Commissioners were present: Mr. Lichtenstein, Mr. S. Flancbaum, Mr. Theibault, Mr. Coles, 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 October 6, 2016, was made by Mr. Waxman and seconded by Mrs. Fish. On a **voice vote**, all members present voted, "**Aye**". **Motion carried.**
- Chief Financial Officer Report**
1. **Financial Results Review For October 31, 2016**
October 31st was the end of the Authority's fiscal year. The results being reviewed today is for the full fiscal year. The Authorities net position for the period ending October 31,

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2016 is \$4.3 Million which is approximately \$2.7 Million ahead of the Year To Date Net Budget. The Authority had operating revenues of approximately \$11.7 Million as of October 31st which is ahead of budget by \$2.4 Million. This is being driven by higher Residential and Industrial service fees as well as higher non-recurring Connection Fees. Since it is the end of the year, Mr. Rappoccio looked at the revenue compared to the actuals from last year at the same time. There is an increase in the revenue of about 3.5% on the Residential and Industrial services excluding the connection fees. This is being driven by the added connections over the last year as well as the metering system improvements. The Authority expenses for the year are approximately \$7.3 Million. It is slightly below our Operating Budget. This is a good thing. The Authority used ninety seven percent of the 2016 expense budget. Year to year the Authority's expenses are slightly higher. That is a result of benefit costs, salaries, OCUA as well as some repair and maintenance items.

Senator Singer explained that the Authority puts a large portion of the surplus each year put back into the system. The Authority tries not to bond. This help keeps the rates down. As the system is aging, upgrades are done to prevent problems. Some areas are over fifty years old and have to be replaced. Several wells are under constructions which are very expensive. The cost is around \$1 Million a well. The Authority prefers not to bond because the bonding companies require the rates to be raised on a regular basis to be able to pay for the bonds. Unless it is a small bond, the rates have to be increased. The Authority has not had a raise because the revenue has been climbing. Under the bond covenants, the Authority still has the ratio.

2. Resolution to Submit the 2017 Operating and Capital Budgets to the State for review

The 2017 Operating and Capital Budgets were reviewed with the Finance Committee, Senator Singer and Mr. Theibault met together with Mr. J. Flancbaum and Mr. Bauer. There is no rate increase in the budget for the next year. Senator Singer asked if any of the commissioners have any questions. No one had any questions. Mrs. Lapa read **Resolution # 16-125 2017 Authority Budget Lakewood Township Municipal Utilities Authority**. Motion was made by Mr. Waxman, seconded by Mr. Coles. On **roll call**, all members present voted, "**Yes**". **Adopted**.

3. Motion to Approve Operating Voucher

Mr. Rappoccio provided the commissioners with a list of abstentions. The Operating Expenses have changed from what is in the packet. There is an increase of \$59,462.15. The main item is related to final retainage payment to Pillari Brothers for the Route 88 Gravity Sewer Line Project in the amount of approximately \$28,000.00. The amended Operating Expense total being requested for approval is \$1,328,264.11. A **motion** to approve operating vouchers in the amended amount of \$1,328,264.11 was made by Mr. Waxman, seconded by Mrs. Fish. On **roll call**, all members present voted, "**Yes**" with **noted abstentions**. **Motion Carried**.

VI. Engineer's Report

1. Construction of Ball Park Wells 22 and 23

- Resolution Awarding Professional Services Contract (T&M)
- Resolution Awarding Professional Services Contract (GTS)

The revised proposal from T&M Associates is dated October 28, 2016 in the amount of \$149,650.00. Mrs. Lapa read **Resolution #16-126 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.**

The proposal received from GTS Consultants is for surveying the sites of Wells No. 22 and No. 23 and also for a raw water line that will run from those locations to New Hampshire Avenue. This is a revised proposal dated October 27, 2016 in the amount of \$12,050.00. Mrs. Lapa read **Resolution #16-127 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 Mr. Coles. On a **voice vote**, all members present voted, "**Aye**". **Adopted.**

Senator Singer explained to Mr. Lichtenstein that the Authority is at the end of how many more wells the Authority can build. It is very expensive to build wells. The reason we do it to keep the cost of water down. The Authority is about forty percent cheaper than New Jersey American Water Company. The Authority does buy water from other sources. It is getting more and more expensive to build wells and it will get to a point that the DEP will not allow anymore to be built. So the Authority is building now as many as it can. There probably will not be any more wells built after this. Senator Singer asked Mr. Morrill if that is a clear assumption. Mr. Morrill said yes, this is supposed to be the last four wells. Senator Singer said that the Authority may try for more but the DEP has almost told the Authority that this is it, take what you are getting now. That is why the Authority has done interconnections with Brick MUA and New Jersey American Water Company and buying water.

2. **Meter Replacement Phase 3**

Resolution Awarding Change Order #2

In the packet is a letter from PS&S dated October 28, 2016 recommending a request from Inline Services for a Change Order in the amount of \$5,520.60. This is due to the fact that there are four meter pits that they cannot connect the remote radio reads to. They have to break out the concrete. They were built inside of hallways of apartment buildings. Also, there is another location that does not have a meter installed, so a meter has to be cut in. Senator Singer asked if that means that the residents have never received a bill. Mr. J. Flancbaum said they were billed a minimum bill. Senator Singer asked where was there no meter. Mr. Ponsi said it was on Joe Parker Road. Mr. Morrill explained that the four meters were in the Briarwood Apartment Complex. In addition to that there was one house on Joe Parker Road where there was no meter. The plumbing had to be changed. They charged the Authority \$85.00 for that. Mr. J. Flancbaum said that this happens and it has happened in the past. Mrs. Lapa read **Resolution # 16-128 Authorizing Change Order No. 2 Radio Meter Conversion Program Phase III.** Motion was made by Mr. Coles, seconded by Mr. Waxman. On a **voice vote**, all members present voted, "**Aye**". **Adopted.** Mr. J. Flancbaum wanted to inform the commissioners that this project is almost over. There are 200 meters left in the system to change over. Phase III is almost over. Senator Singer said that is good news. The Authority is picking up more revenue with the new meters.

3. **Lanes Mill Road Office Building**

Resolution Granting Final Approval (Sewer)

In the packet there is letter from T&M Associates dated May 27, 2016 which lists the requirements for Final Approval. Mr. J. Flancbaum said that this is Mordechai Fligman's project. Mrs. Lapa read **Resolution # 16-129 On Site And Off Site Water And Sanitary Sewer Extension Grant Of Final Approval Lanes Mill Road Office**

Building. Motion was made by Mr. Coles, seconded by Mrs. Fish. On a **voice vote**, all members present voted, "**Aye**". **Adopted.**

4. New Hampshire Avenue School and Dormitory

- Resolution Granting Final Approval (Sewer)

Final Approval can be granted for the off-site sanitary sewer conditioned on all requirements for final approval including the review of the items received by the Authority October 28, 2016 and review of the project by the Authority Engineer and Authority Attorney. Mrs. Lapa read **Resolution # 16-130 Grant Of Final Approval New Hampshire Avenue School And Dormitory.** Motion was made by Mr. Coles, seconded by Mrs. Fish. Mr. J. Flancbaum said the owner of the school is Moshe Dovid Perlstein. On a **voice vote**, all members present voted, "**Aye**". **Adopted.**

5. 216 Joe Parker Road 28 Lot

- Resolution Reducing Performance Guarantees

An email was received asking for release of Performance Guarantees. The Authority wrote a letter detailing the allowable reduction of the Performance Guarantees. The Authority can reduce the guarantees based on the Authority's letter dated October 26, 2016. Mr. J. Flancbaum said that this is for Eli Schwab. Mrs. Lapa read **Resolution #16-131 Reducing Performance Guarantees Water And Sanitary Sewer Systems Joe Parker Road 28 Lot Subdivision.** Motion was made by Mr. Waxman, seconded by Mrs. Fish. On **roll call**, Mr. Coles, Mr. Waxman, Mrs. Fish and Senator Singer voted, "**Yes**". Mr. Theibault abstained. **Adopted.**

6. Gravity Sanitary Sewer for the Abandonment of the Woodlake Pump Station

- Resolution Releasing Performance Guarantees, Accepting Maintenance Guarantees and Releasing Retainage

The reduction of the retainage is \$7,000.00. This is due to the poor quality of surface paving that was done at Woodlake Village. The Authority received from the contractor \$7,000.00 and an additional approximately \$4,500.00 that will be given to Woodlake Village for the paving. Senator Singer said the pump station will be demolished before the property is sold. Mr. J. Flancbaum confirmed it will be. Mr. Morrill said the Authority has a contract with Maser Consulting. The plans are advertised in the paper. Bids are expected to be received in November. Senator Singer explained that the Authority will be selling the land that is no longer needed. The abandonment of the pump station is the responsibility of the Authority and there are DEP requirements with how it should be done. Graziano is doing the appraisal. Once we have the appraisal it can go out to bid. Two people are interested in it. Mr. J. Flancbaum said that Mr. Graziano told him that the Berkeley Sewage Authority made the mistake of not decommissioning a pump station themselves. After it was sold the buyer came back with all sorts of problems. Mrs. Lapa read **Resolution #16-132 Release Of Performance Guarantees, Accepting Maintenance Guarantees And Releasing Retainage Woodlake Pump Station Abandonment.** Motion was made by Mr. Waxman, seconded by Mrs. Fish. On a **voice vote**, all members present voted, "**Aye**". **Adopted.**

VII. Attorney's Report

Mr. Smith does not having anything additional to report. Mr. Waxman asked if there is any litigation. Mr. Smith said there is a pending litigation but the Authority is not a defendant. Mr. Waxman asked anything besides the Horizon lawsuit. Mr. Smith said besides Horizon, there is none.

VIII. Executive Director's Report

1. 2016 Tax Sale

The first notice of tax sale in June contained 440 properties delinquent as of December 31, 2015 for a total of \$193,712.53. 335 properties were paid up prior to the tax sale for a total \$147,233.99. At the tax sale on October 14, 2016 the amount collected was \$46,478.54. The Tax Sale remains an extremely effective tool for the Authority. Mr. J. Flancbaum would like to publicly thank Effie Presley, the Municipal Tax Collector, and her staff for their hard work and for working together the Authority. Mr. J. Flancbaum sent her an email thanking her on behalf of the Authority. Senator Singer said the Authority should send a box of cookies to their office. Senator Singer explained how the Tax Sale assists collecting the money. There are no turn offs of water for nonpayment.

2. Resolution Authorizing Executive Director to Execute a Letter of Engagement with Best Practice Energy, LLC.

For the last several years, the Authority has procured the energy supply through reverse auctions. This company, Best Practice Energy, also conducts reverse auctions. Mr. Flancbaum together with Mr. Rappoccio met with the local representative a couple of weeks ago. The difference between them and the company that was used in the past is this company stays engaged with the client after the reverse auction. They will stay on top of the Authority's monthly electric bills. They will take a look at the commodity market from time to time and let the Authority know when a good time for a reverse auction is. Senator Singer asked the price. Mr. J. Flancbaum said that this is at no cost to the Authority. Senator Singer asked how long the engagement for is. Mr. J. Flancbaum said this letter of engagement is a no commitment agreement that they can conduct a reverse auction for the Authority. This means that multiple suppliers will be bidding. The Authority is not under any commitment to award a contract to any of the suppliers if the Authority does not like the price of the bid. With a reverse auction it starts high and the prices go lower. The terms are flexible. The Authority can pick a six, twelve, eighteen or twenty four month contract. The idea is that the longer you lock in, the better the rate is. If the Authority awards a contract to a supplier, this company is not paid anything. Mr. Waxman asked Mr. Smith if he is okay with this. Mr. Smith said there is a special statute that authorizes this specific process without competitive bidding of any kind for this purpose. Senator Singer said since this firm is new he would like them to be watched. Mr. J. Flancbaum said he will. Mr. Waxman asked for confirmation that it can be terminated at any time. Mr. J. Flancbaum said the contract that will be awarded to actually purchase the electricity will not be Best Practice Energy. They are a broker. Senator Singer said the reason this company is wanted is because they communicate with the client after the auction to guide them. The company that is being used now, you do not hear from them after the auction. Jackson MUA among others have used this company and are happy with them. It benefits the Authority and does not cost any money. Mrs. Lapa read **Resolution #16-133 Authorizing The Purchase Of Electricity Supply Services For Public Use On An Online Auction Website**. Motion was made by Mr. Waxman, seconded by Mr. Coles. On a roll call, all members present voted, **"Yes". Adopted.**

Senator Singer asked for an update on the Solar Field. Mr. J. Flancbaum said that the CAFRA Application should be prepared by the end of next week. The footprint of the building addition on the site plan was also included so it will not have to be done twice. Jim Brown from EZ Energy and Sean Wilson from ENG are coming to the Authority Thursday to talk about certain updates of the project. It continues to move along.

Senator Singer asked Mr. J. Flancbaum to notify the County that two of the poles are down by the turning lane. Mr. J. Flancbaum said this happens weekly. A sign was put up on the our side of New Hampshire Avenue saying no left turn when turning out of QuickChek. Also a sign was put up just north of the entrance to the Authority. Senator Singer said that metal posts are needed.

IX. Instrumentation/IT Department Report

1. SCADA System Updates and Agenda

The SCADA integrators have completed debugging all of the issues at the Well No. 17 ASR. The re-charging mode is operating well. They are currently modifying and debugging the New Hampshire Avenue Winter mode filtration programming scheme which is quite complex and tedious unlike the Shorrock Street plant which operates all four filters continuously every time the plant is called to turn on. The New Hampshire Water Treatment Plant will need to have its filter programming continuously modified until both the demand for water increases and the new wells come on line enabling us to utilize all five filters continuously like the Shorrock Street Water Treatment Plant. The integrators are also continuing work on the SCADA alarm system server as well. Lastly, they have begun the task of designing and implementing the hardware and programming necessary to achieve a complete SCADA control of our new tablet feeder chlorinators.

2. Radio Antenna Poles and Remaining Construction Update

The Authority is now at the point where we are ready to remove two existing wooden poles and re-install them at the Wells No.2 and No.3 sites in order to accept radios and antennas at those locations. Mr. Farina has met with the pole contractor last Friday to go over the final plans for the re-deployment of the poles. Also, proposals are expected this week from our radio contractor LTW for the remaining four sites that require radios and antennas. At that time the proposals will be reviewed immediately. If the proposals are found to be satisfactory, a meeting will be held with the LTW and Authority personnel to establish the projects work flow.

3. 2- Way Radio Report

The Authority is expecting a proposal from LTW to replace our antiquated and inoperative two way radio system. When it is received it will be reviewed. This system is needed as a redundant backup for communications between field personnel and New Hampshire Operations should the cell phone network go down or become overloaded due to a natural disaster, a terrorist and or a hacking event.

IT Status Report

4. IT Cyber Security Update

On October 24, 2015 the Authority's IT coordinator attended an all-day cyber security seminar at the New Jersey Regional Operations Intelligence Center or better known as the ROCK (ROIC). Many strategies were discussed suggesting how to combat this new method of warfare cast upon our organizations and population as well as procedures on how to evaluate the Authority's vulnerabilities. I was informed via a report from our IT Coordinator that his evaluation with respect to that suggested by the State and Federal cyber security experts shows the Authority is very proactive and well equipped to protect itself at the present time. The IT coordinator warns that the Authority must keep up with the latest technologies in order to fend off this determined foe. The Authority has every intention to do so and not let its guard down at any point.

5. GIS System Project Update

Our GIS Specialist, Mr. McClain, has been working on overseeing the GTS contractor's progress on the development of the system. Based on that, it gives management either the green light to proceed with regularly scheduled payments or to withhold until acceptable milestones or efforts are met. He has also researched and found grant monies that the Authority can possibly acquire should we qualify. Based on his experiences, he was able to generate and produce the documentation necessary in order to make an official bid for a potential grant. As a result, the Authority has been spared the expense of having to go out of house in order to have the documents prepared. The deadline for the application was October 14, 2016 which was comfortably met. At the end of the day yesterday, Mr. McClain informed us that we were one of the successful applicants chosen to receive a grant. At this time we will review what GIS hardware and software equipment that best suits our project's needs. Then the Authority will move forward to acquire. Mr. McClain has also begun putting together the GIS licensing and support vehicles that will be needed in order for the Authority to facilitate this program. He is currently working with other sister agencies on generating an RFP so that we may solicit vendors in order to make the purchases.

Senator Singer asked if the outside contractor for the SCADA System is still on board. Mr. J. Flanbaum said yes. Mr. Farina said his time has been reduced. Senator Singer asked if the Authority staff is fully aware and knows everything he knows. Mr. Farina said they are grasping that with every passing day. Senator Singer said his main concern is that there is full understanding of the system. Mr. Farina said he focuses on a monthly basis on documentation with him. All the knowledge he has, has to be put on paper. Then it is filed and it is also kept on software in the server. This way it is retained in two ways. Senator Singer asked if the Authority is ninety five percent secure with it. Mr. Farina said he would say at least that amount. This is his biggest concern. We have to know everything he does to the system in order to keep it going and troubleshoot it. Mr. J. Flanbaum said that the Authority started to test other vendors on smaller jobs to see how they work out. The current contractor will not be with the Authority forever. The Authority needs vendors that can be trusted to do good work. Mr. Waxman asked if he is the only vendor involved with this system. Senator Singer said before the Authority had an IT Department he was hired to develop a program. He ran the system and was virtually full time here. The system is a proprietary system and the Authority has to have the knowledge of system. The Authority's IT Department is growing and now understands the system. The type of system the Authority needs has to be individually designed. You cannot just buy such a system. He does a good quality job. Now the Authority employees understand the system and as it is growing he is helping make the changes. Mr. Farina said that the Authority has a backup, as Mr. J. Flanbaum previously explained. The Authority has on board Mr. Chris Pollack of Pumping Services. He is extremely familiar with the Authority's system and utilized him on a couple small projects. He serves as an immediate backup should something happen. Mr. Farina said that he makes sure that the Authority has the "t's" crossed and the "i's" dotted. The Authority is not dependent on any one source. Mr. Waxman asked if there is a fire is everything backed up remotely. Mr. Farina said there are multiple backup sites.

X. Commissioners' Report

Mr. Theibault said a no net loss is sent to the Township. Mr. Theibault wanted to know should the Authority become involved with it. He was not sure if they had any plans for reforestation here at the Authority sites for the solar project. Mr. Theibault suggested that the Authority might want to get in touch with them. Senator Singer said the Authority does want some trees. Mr. Theibault said this is a good opportunity. He can

give the Authority the name of who is doing the planning. Mr. J. Flancbaum said he would like it. Senator Singer said he would like to do a lot of trees here. Trees are nice. Mr. J. Flancbaum said it will block the Authority from the road. Senator Singer said it is a good idea and thanked him.

XI. MEETING OPEN TO THE PUBLIC

Mr. Adam Ponsi wanted to thank the Authority for the support shown to him during the two years of his father being sick and being flexible when he needed to be with his father. Senator Singer said thank you and thank you for being such a good son. It is appreciated.

XII. MEETING CLOSED TO THE PUBLIC

XIII. CLOSED SESSION

Senator Singer asked for a closed session to discuss personnel. The meeting went into closed session at 10:35 A.M. **Resolution #16-134 To Go Into Closed Session** read by title. Motion was made by Mr. Waxman, seconded by Mr. Coles. On a **voice vote** all members present voted "**Aye**". **Adopted.**

XIV. OPEN SESSION

The meeting went back into open session at 10:51 A.M. Senator Singer said that the commissioners discussed possible litigation and incentives to employees for new and creative ideas. The Personnel Committee will take a look into it and give a recommendation.

XV. 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 10:52 A.M.

Respectfully submitted,

Nechama Lapa,
Secretary, LTMUA