

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
REGULAR MEETING
December 21, 2011**

Call to Order: The Regular Meeting of December 21, 2011 was called to order at 7:07 p.m. with the Pledge of Allegiance by Chairman Galante.

Announcement: Chairman Galante announced that this meeting is being held in conformance with the Open Public Meetings Act. Notice has been given to the newspapers and notice of the meeting has been posted in public places.

Roll Call: Present:
Thomas Galante, Chairman
Nicholas Smolney, Treasurer
Kiran Desai, Secretary (arrived at 7:27)
Rocco Donatelli, Commissioner
Reginald Butler, 1st Alternate – Assistant Secretary

Absent:
Edward Testino, Vice Chairman
Richard Greene, 2nd Alternate – Assistant Treasurer

Also present:
Guy Donatelli, Executive Director
Michael Roy, P.E.
Stephen A. Florek II, Comptroller
Louis Granata, Esq.

Executive Director's Report: Executive Director Donatelli referred to the Drinking Water Analysis-Monthly Coliform Summary Report Form from the Garden State Laboratories for November and December 2011 as well as the Monthly Water Distribution for October and November 2011 as included in the Commissioners' packets. Also included in the packets is the Daily Averages Report for 2009, 2010 and 2011.

Operator Classification

Richard Peterson has successfully completed the T-3 License Classification for water treatment.

Pay to Play

Professional appointments qualifications will be received on January 25, 2012 in time for consideration at the February Reorganization Meeting.

Well Maintenance

Specifications are being prepared for the Redevelopment of Well No. 1 at the Browntown Plant.

Personnel Request

Due to recent retirements and several employees on disability who appear to not be returning, the Authority’s Water and Sewer Division’s staff has been reduced. The Water Division has lost three well-trained employees in 2011, with two more retiring in 2012.

The Superintendent of the Sewer Division is in need of additional staff due to the tremendous growth in the sewer system.

Two additional employees are requested for the Sewer Division and two for the Water Division. After reviewing applications, the following candidates are recommended:

Stanley Garbowski, Robert Brooksbank, Aaron Cooper and Ryan Testino

2012 Meeting Schedule

Commissioner review is recommended for approval on January 4, 2012.

A motion to approve the Executive Director’s report was made by Mr. Smolney and seconded by Mr. Desai.

The roll call was as follows:

AYES: Desai, Smolney, Butler, Galante

NAYS: None

ABSENT: Testino, Greene

NOT PARTICIPATING: Donatelli

4 Ayes 0 Nays 1 No Participation 2 Absent

A motion to approve the advertisement for solicitation of Professional qualifications pursuant to the Authority’s Annual Reorganization Meeting requirements was made by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Donatelli, Smolney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

A motion to approve the hiring of additional personnel in the Water and Sewer Divisions as recommended was made by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Smolney, Butler, Galante

NAYS: None

ABSENT: Testino, Greene

NOT PARTICIPATING: Donatelli

4 Ayes 0 Nays 2 Absent 1 No Participation

Previous Minutes: Regular Meeting - November 14, 2011
Executive Session - November 14, 2011

A motion to approve the Previous Minutes was made by Mr. Donatelli and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Donatelli, Smolney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Engineering Reports: Michael Roy, P.E.

Report on Developers for Approval:
None

Superintendent's
Report:

Al Lunkenheimer, Superintendent Sewer Division

A motion to approve the Superintendent's Report as included in the Commissioners' packets was made by Mr. Smolney and seconded by Mr. Desai.

The roll call was as follows:

AYES: Desai, Donatelli, Smolney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Engineering Reports: Michael Roy, P.E.

**1. Summerfield Gravity Sewer Replacement – Award
Contract 2011-1 to Caruso Excavating, Inc. of Ocean, NJ**

Mr. Roy reported that on December 7, 2011 four bids were received for the Summerfield Gravity Sewer Replacement project, the scope of which includes abandoning the sewer behind the easements on Lantana Way and building a pump station on Summerfield Avenue to redirect the flow. The lowest bidder was Caruso Excavating, Inc. with a bid price of \$1,264,462.00 which is approximately \$306,000 below the engineer's opinion of cost.

Caruso Excavating has significant experience in site work including earthwork, retaining wall construction, paving and pipe work and sanitary sewer pump station construction. Clients are generally satisfied with their work performance, timely completion and cooperation. The bid package indicates they are going to use the following subcontractors:

- Electrical – Quality Electrical Construction Co.

- HVAC – Four Seasons Heating, Air Conditioning & Refrigeration, Inc.
- Plumbing – Vincent J. Leto, Caruso Excavating, Inc.

2. Crossroads Regional Interceptor – Award Contract 2011-2 to Northeast Remsco Construction, Inc. of Farmingdale, NJ

Mr. Roy reported that on December 8, 2011 seven bids were received, and the apparent low bidder is Northeast Remsco Construction with a bid price of \$6,993,600.00; the estimate was \$6.47 million. After a review of the bid documents, potential discrepancies were detected. In the Northeast Remsco Construction, Inc. bid, Bid Item 23 had a unit price of \$23.00 and an extended price of \$160,000 written on the bid. If the unit price of \$23.00 is multiplied by the contract quantity of 8,000 SY, the extended price should be \$184,000. The extension of the unit price for Bid Item 23 would result in a total bid of \$7,017,600.00 versus the total bid of \$6,993,600.00 written on the bid. In the TOMCO Construction, Inc. bid, the written total of the bid is \$8,139,486.41. However, when the amounts of each item bid are totaled, the result is \$8,169,486.41. These mathematical errors do not affect the order of the bids, and therefore, Northeast Remsco Construction remains the low bidder.

Work experience provided by Northeast Remsco Construction, Inc. indicates they have completed large diameter tunneling projects ranging in cost from \$1/2 million to \$46 million over the last ten years. References indicate that Northeast Remsco Construction, Inc. has significant experience in large diameter microtunneling and auger/bore type construction in the public sector. Clients are generally satisfied with the work performance, timely completion and cooperation. The bid package indicates that no subcontractors will be used.

Mr. Roy recommended award of Contract 2011-2 to Northeast Remsco Construction, Inc., the apparent low bidder, subject to review of the bid documents by the Authority attorney. The award of the contract will be subject to approval by the NJDEP because this contract is being funded by the New Jersey Infrastructure Trust.

Mr. Samuel added that the low bidders for the Summerfield Gravity Sewer Replacement Project as well as the Crossroads Regional Interceptor are qualified having prior experience in the work required. Caruso Excavating has had experience working on private projects in Old Bridge including a large forty-two (42) inch

Trunk Sewer and also worked on pump stations. The subcontractor has much experience with geotechnical work; therefore he is confident that the specialty requirements in the bid documents will be met.

With respect to the Crossroads Regional Interceptor, Mr. Samuel stated that although the bids were a bit higher than expected, the bid amount is driven by the specialized nature of the work combined with the competitive aspect. Northeast Remsco Construction, Inc. is a reputable contractor with much experience in tunneling.

A motion to award Summerfield Gravity Sewer Replacement Contract No. 2011-1 to Caruso Excavating, Inc. of Ocean, NJ as recommended was made by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Donatelli, Smolney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

A motion to award Crossroads Regional Interceptor Contract No. 2011-2 to Northeast Remsco Construction of Farmingdale, NJ as recommended was made by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Donatelli, Smolney, Butler, Galante

NAYS: None.

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Financial Report: Stephen A. Florek II, Comptroller

Section 125 Cafeteria Plan

Mr. Florek explained that this plan is a required by Chapter 78 of the State Statutes. The plan allows employee contributions to health care costs to be deducted on a pre-tax basis.

Mr. Morrison stated that this plan will require an amendment to ensure that the additions to Chapter 78 are complied with. Under the Act, the MUA will be required to obtain a high deductible premium plan as an alternative coverage, and a flexible spending account will have to be put in place for which the Authority will have to seek the services of an administrator. Employees may elect to contribute money from their gross pay (pre-tax) to be put into an account with the ability to spend that money during the course of a twelve-month period on health and other eligible expenses.

The Section 125 Plan does not include a cash option in lieu of coverage. Approximately ten years ago the Authority considered entering into an “opt out” plan, and it was determined not to. This may be something to investigate now because under the law, the Authority could offer the lesser of \$5,000 or 25% of the cost of the coverage if an employee chooses to “opt out”. For example, if an employee of the Authority has the opportunity for coverage by a spouse’s employer, that employee could possibly receive \$5,000 which would save the Authority \$15,000.

Mr. Desai asked why a plan administrator would be recommended. Mr. Morrison replied that as per Chapter 78, for an employee who is not a member of an existing collective bargaining agreement as of June 28, 2011, there had to be a plan in place to begin deducting at the greater of a percentage of the insurance cost or 1.5% of gross pay. There is a four-year phase in on the Chapter 78 costs, but ultimately all deductions will be a percentage of insurance costs. This is phased in for those deemed not covered on the effective date beginning July 1, 2011. For those under a collective bargaining agreement, the phase in starts on the date that the collective bargaining agreement expires or is modified.

Because health care costs are significant as a percentage of gross salaries, the law requires the Authority to offer a lower cost option, i.e., a higher deductible. A flexible spending account is also required to be offered which will allow an employee to fund deductibles and out of pocket costs on a pre-tax basis.

Mr. Desai suggested presenting this plan to the employees so that they are aware of what the Authority is attempting to achieve. Executive Director Donatelli responded by explaining that a higher deductible and an HMO option are going to be offered to the employees. It is up to the discretion and finances of the employee to decide if a lesser plan is suitable.

Mr. Morrison assured the Commissioners that their action will merely put a plan in place allowing the Authority to back charge to all employees not covered by a collective bargaining agreement 1.5% of their salaries on January 1, and have it come out of their pay pre-tax.

A motion to adopt a Section 125 Cafeteria Plan as recommended was made by Mr. Desai and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Desai, Donatelli, Smolney, Galante

NAYS: None

ABSENT: Testino, Greene

ABSENT FROM THE PODIUM: Butler

4 Ayes 0 Nays 3 Absent

Mr. Shah – 24 Ashley Drive – High Billing Problem
Chairman Galante removed himself from this discussion citing a possible conflict of interest. He left the room.

Mr. Shah addressed the Commissioners with respect to what he believes to be a faulty water meter reading on June 1, 2010 indicating usage of 101,000 gallons. Mr. Shah presented a detailed time line of communications and inspections relating to his situation. Since there is no apparent water leak at the premises, Mr. Shah contends that the water meter is at fault, and therefore, he should not be responsible for the excessive water charge for that period.

Vice Chairman Smolney stated that a decision would not be rendered until the Commissioners have had an opportunity to review the documents supporting Mr. Shah's complaint. The meter test performed by Middlesex Water Company indicated that

the meter was within accepted parameters, but that may not explain the circumstances existing at the residence.

Mr. Desai suggested that Mr. Granata review the documents, and his recommendation will be communicated to the Commissioners. He invited Mr. Shah to return at the next meeting.

This discussion having ended, Chairman Galante returned to the room.

A motion to approve the Financial Report was made by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Donatelli, Smolney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Bills & Claims \$1,822,917.18

A motion to approve Bills & Claims was made by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Donatelli, Smolney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Old Business:

Brunetti Oaks at Glenwood Development – Status

To be discussed in Executive Session

Recharge Basin Study – Status

Mr. Roy reported that based on information gathered during a meeting with the DEP, a permit application is being prepared

which will be submitted to the DEP as soon as the required soils report is completed.

New Business: None

Open to Public: Dr. Greenberg inquired how the Authority advertises positions available.

Executive Director Donatelli responded that although newspaper advertising has not been utilized, there is a section on the OBMUA website indicating employment opportunities and where applications are available. Once an application for employment is submitted, it becomes filed. When the Commissioners make a determination that additional staff is needed, he, along with Mike Roy, Steve Florek and Allan Lunkenheimer review the applications and make their recommendations.

Dr. Greenberg asked how many applications were received for the four open positions.

Executive Director Donatelli stated that there were possibly twenty applications for employment on file.

Dr. Greenberg inquired about skills and experience required for the positions available.

Executive Director Donatelli explained that the last position to be filled required an electrician's license; another position required backhoe skills. However, these four positions are for entry level labor and young men are being sought who are willing to be trained in either sewer vactoring and jetting or repairing water breaks or meter installation and repair. Since this business is very technical, employees are encouraged to become DEP certified operators. It is not required that a candidate have a CDL, but it will be obtained once employed. Background checks as well as a physical examination and drug testing are performed.

Dr. Greenberg asked about veteran preference.

Executive Director Donatelli responded that veteran status would be considered.

Dr. Greenberg asked if everyone who submitted an application is called for an interview when a position becomes available.

Executive Director Donatelli responded that the candidates are selected based on the needs of the Authority and the information provided on their application for employment. Our past experience has been that employees who have ties to the Township have a greater sense of responsibility to the job.

Seeing no further hands Chairman Galante closed the public portion.

Executive Session: A motion to go into Executive Session at 7:53 p.m. was made by Mr. Butler and seconded by Mr. Desai.

The roll call was as follows:

AYES: Desai, Donatelli, Smolney, Butler, Galante.

NAYS: None.

ABSENT: Testino.

5 Ayes 0 Nays 1 Absent

Regular Meeting Reconvened at 8:01 p.m.

During Executive Session Mr. Granata discussed the Brunetti Oaks at Glenwood litigation.

Adjournment: A motion to adjourn at 8:02 p.m. was made by Mr. Desai and seconded by Mr. Smolney.

The motion was approved by an ALL AYES vote.

Respectfully submitted:

Kiran Desai, Secretary