

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
REGULAR MEETING
October 16, 2013

Call to Order: The Regular Meeting of October 16, 2013 was called to order at 7:00 p.m. with the Pledge of Allegiance by Thomas Galante, Chairman.

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
Edward Testino, Vice Chairman
Arthur Haney, Secretary
Richard Greene, Treasurer
Rocco Donatelli, Commissioner
Reginald Butler, 1st Alternate – Assistant Secretary
Anita Greenberg, 2nd Alternate - Assistant Treasurer

Absent:
None

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

Executive Director's
Report: Guy Donatelli, Executive Director

Monthly Water Distribution and Drinking Water Analysis

Executive Director Donatelli discussed the Drinking Water Analysis-Monthly Coliform Summary Report Form from Precision Analytical Labs and the Monthly Water Distribution for September 2013.

New Jersey Environmental Infrastructure Trust/Fund Program

Executive Director Donatelli stated that Planning Documents have been submitted for the Repainting of Perrine Road Water Storage Tank and the Water Division SCADA System Upgrade as previously discussed with the Commissioners. In addition, Planning Documents have been submitted for a new Emergency Fuel Station to be constructed at the garage property on Rt. 516

and a Laurence Harbor Bulkhead in order to insure storm resistance. Loan forgiveness is based on priority ranking; the Planning Documents were submitted prior to the deadline.

Well No. 11

Executive Director Donatelli stated that this well located off of Rt. 18 is in need of repairs due to a significant loss of well pumping capacity. The contract was advertised, and bids have been opened, the results of which will be presented to the Commissioners as part of Mr. Roy’s Engineering Report this evening.

Mr. Roy added that he was informed subsequent to the prior meeting that there would be money available for loan forgiveness for the Emergency Fuel Station to be constructed at the garage property on Rt. 516 and a Laurence Harbor Bulkhead in order to insure storm resistance. Even though these projects may not be “up front” on the capital improvement list, the loan will not have to be repaid. The twenty-year capital plan needs to be updated in the future.

A motion to approve the Executive Director’s Report was made by Mr. Galante and seconded by Mr. Greene.

The roll call was as follows:

AYES: Greene, Haney, Testino, Butler, Galante

NAYS: None

NO PARTICIPATION: Donatelli

5 Ayes 0 Nays 1 No Participation 0 Absent

Engineering Reports: Michael Roy, P.E.

Report on Developers for Approval

A&P Irrigation/JB Old Bridge, LP

1. W13-640, Minor Water – 5 EDCU’s

Mr. Roy reported that this project located at the intersection of Route 9 and Ferry Road is for the construction of a lawn irrigation system to connect into the internal plumbing of the existing A&P Supermarket. The Authority granted Final Water Approval in 1994 to the shopping center which included a three (3) EDCU irrigation system which was never constructed. The Applicant is

now seeking approval of a larger (5 EDCU) irrigation system. The additional demand of the water distribution for the proposed number of units is insignificant.

Technical requirements sufficient for Minor Water Approval have been satisfied, and Mr. Roy recommended Minor Water approval subject to the six conditions outlined in his report.

A motion to approve A&P Irrigation/JB Old Bridge, LP W13-640, Minor Water as recommended was made by Mr. Testino and seconded by Mr. Haney.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

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. Donatelli and seconded by Mr. Butler.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Engineering Reports: Michael Roy, P.E.

- 1. Rt. 18 Marketplace, Bond Release , W10-612, S10-480**
(Discussed later in meeting)

2. Stasi Farm, Bond Release, W10-621

Mr. Roy stated that installation and testing of the water construction is complete and satisfactory. As-built drawings are approved; mylars and electronic copies have been received. Water and sewer utilities will remain privately owned by the applicant.

Mr. Roy recommended release of the performance bond for Stasi Farm, W10-621.

A motion to release the performance bond for Stasi Farm, W10-621, as recommended was made by Mr. Haney and seconded by Mr. Greene.

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSTAIN: Testino

5 Ayes 0 Nays 1 Abstain 0 Absent

1. Rt. 18 Marketplace, Bond Release, W10-612, S10-480

Mr. Roy reported that the final water and sewer installation is complete and satisfactory. As-built drawings have been approved; mylars and electronic copies have been received. The twelve inch (12”) water main located on Rt. 18 has been dedicated to the Authority for future use and extension in both directions on Rt.18. The water meter has been installed. The sewer lateral and the on-site water mains will remain privately owned and maintained by the Applicant.

Based upon the current status of the application, Mr. Roy recommended conditional release of the Sewer Performance Guarantee subject to settling the escrow account.

Mr. Roy recommended the conditional release of the Water Performance Guarantee Bond subject to the submission of a two (2) year water maintenance bond in the amount of \$12,829.75 representing fifteen percent (15%) of the water utility construction cost and a check in the amount of \$2,000.00 to be deposited in the water escrow account to provide a sufficient balance for the two (2) year maintenance period.

A motion to release performance bonds for Rt. 18 Marketplace, W10-612, S10-480 as recommended was made by Mr. Donatelli and seconded by Mr. Greene.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Testino

NAYS: None

NO PARTICIATION: Galante

5 Ayes 0 Nays 1 No Participation 0 Absent

3. Installation of THM Monitor, Contract No. W13-169, Award Contract

Mr. Roy reported that the THM Monitor provides invaluable information on a daily basis regarding the levels of disinfection by-products in the drinking water supplied from Middlesex Water Company. The THM Monitor has been operating under a lease agreement between Aqua Metrology Systems and the Authority since April and has been utilized in bringing the Authority back into compliance with the new EPA Disinfection By-Product Rules.

Mr. Roy recommended awarding this contract to the lone bidder, Gayle Corporation located in Berwyn, PA, in the amount of \$85,600.00. The amount of the contract is actually \$75,600, but there is an allowance of \$10,000 because there was a question as to whether there were other interested bidders, and if there were to be miscellaneous work during installation. The amount will be reduced via a change order.

The price includes a two-year maintenance contract for the replacement of all chemicals, the upgrade of the computer software within the unit and a quarterly service call.

Dr. Greenberg inquired what the cost of the six-month lease was and if that amount could be deducted from the contract price.

Mr. Roy responded that the cost was approximately \$13,000. The bid is separate from the lease agreement, but the value is there.

Dr. Greenberg asked what is involved with the quarterly maintenance.

Mr. Roy stated that chemicals must be replenished and disposed of. Preventative maintenance and continuous on-line monitoring is also included.

Mr. Testino inquired about the useful life.

Mr. Roy stated that because this is a new product, the useful life is undetermined. The equipment will be continually updated with replacement parts similar to the SCADA system.

Dr. Greenberg asked about a warranty.

Mr. Roy responded that there is a one-year warranty; the company has issued a two-year warranty in addition to a maintenance contract.

Executive Director Donatelli stated that water samples are tested by Precision Analytical Labs regularly to test the monitor. If there is a variance in excess of ten percent, the company will test their software. Split samples are also sent to Middlesex Water Company. Middlesex Water has received approval from the DEP to install a carbon filter at Perrine Road to service Madison Park at its expense.

A motion to award Contract No.W13-169, Installation of THM Monitor, as recommended was made by Mr. Haney and seconded by Mr. Testino.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

4. Repair Well No. 11, Contract No. W13-170, Award Contract

Mr. Roy recommended awarding this contract to the lowest bidder, A.C. Schultes, Inc., 664 S. Evergreen Ave., Woodbury Heights, NJ 08097, in the amount of \$34,600.00 if the bid package is deemed legally acceptable. The capacity of this well has recently dropped

significantly from the capacity since this well was replaced in 2006.

A motion to award Repair Well No. 11, Contract No W13-170 as recommended was made by Mr. Galante and seconded by Mr. Haney.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Financial Report: Stephen A. Florek II, Comptroller

Tax Sale

Mr. Florek reported that on October 3, 2013, the Authority submitted a delinquent listing to the Township for the upcoming Tax Sale on December 18, 2013. The list has receivables due to the Authority in the amount of \$869,698.65, plus interest of \$152,358.32.

Revenue Schedule

Mr. Florek referred to the Revenue Schedule (as included in the Commissioners’ packets) for the four months ended September 30, 2013 as well as projections through May 31, 2014.

Annual Audit Report

Mr. Morrison expressed his opinion that the financial statements of the Authority are fairly stated, and that the appropriate accounting principles were followed consistently. Because the Authority is the recipient of a significant amount of money in Federal and State loans, the scope of the audit was required to be expanded to include a single audit which means rather than doing a program-by-program audit of the individual grants, he included the audit of the major loan program as part of the base audit.

He believes that the internal controls are appropriate for an organization of this size, and the key controls responsible for identifying any error or irregularity are corrected so that the financial statements as fairly presented are operational and adequate.

Compliance has been tested with a variety of rules and regulations in addition to the specific grant requirements (e.g. compliance with the Local Public Contracts Law and IRS regulations, etc.), and the OBMUA has been found to be in compliance with all completed tests.

The Authority has increased the overall retained earnings because over the last several years the Authority has been retiring significantly more debt faster than depreciating assets. The debt position of the Authority is favorable because of borrowing at a low interest rate.

There was a designation of \$200,000 of retained earnings to begin building a repairs and replacement fund. Although there is no requirement to do so, the Authority should consider expanding this program to eliminate borrowing money for capital projects.

Dr. Greenberg asked for the amount of the Authority's debt.

Mr. Florek stated that the amount of long-term bonds payable is \$44,490,000. Current debt is \$4.4 million.

**Chairman Galante opened a public portion.
Seeing no hands Chairman Galante closed the public portion.**

A motion to approve the Audit Report for the year ended May 31, 2013 and the Group Affidavit was made by Mr. Haney and seconded by Mr. Greene.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Legal Report:

Louis E. Granata, Esq.

Rt. 516/Higgins Road Interconnection

Mr. Granata stated that he has received an appraisal in the amount of \$19,600 for the permanent easement and a temporary construction easement in the amount of \$2,900 from Mr. DeRosa for the property to be acquired for the Rt. 516/Higgins Road interconnection.

A motion to authorize Mr. Granata to accept the appraisal amounts for the easements to be acquired in connection with the Rt. 516/Higgins Road interconnection and to make an offer to acquire the property on behalf of the Authority was made by Mr. Testino and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

JCP&L Notice of Collection

Mr. Granata stated that in March 2012, the Authority was performing work at 107 Vanover Drive when a problem with exposed wires from a utility pole was discovered. JCP&L was contacted by the homeowner, and JCP&L acknowledged the exposed wires. The Authority completed the connection and subsequently received a bill for \$2,260.54 for damaging JCP&L property.

Mr. Roy sent a detailed explanation with reference to the individuals who observed the exposed wires. It is obvious that a contractor for the homeowners created this problem. Notice of collection has been received; Mr. Granata will respond to said notice.

Brunetti Sewer Agreement

Mr. Granata stated that Phase III of the construction has begun. In order to proceed, the Authority must acquire a wetlands mitigation credit which Brunetti will pay for under an agreement. A contract in the amount of \$85,800 has been received from Millstone River Wetlands Services LLC. The contract appears to be in order and complies with the wetlands requirements. The Brunetti organization has accepted responsibility of payment.

A motion to authorize the Executive Director to sign the Wetlands Purchase Agreement in connection with the Brunetti Sewer Agreement was made by Mr. Testino and seconded by Mr. Haney.

The roll call was as follows:

AYES: Greene, Haney, Testino, Butler, Galante

NAYS: None

NO PARTICIPATION: Donatelli

5 Ayes 0 Nays 1 No Participation 0 Absent

Brunetti/Manzo-Transco Litigation

Mr. Granata stated that he would be presenting an update on the Brunetti litigation as well as Transco v Manzo litigation in closed session.

Bills & Claims: \$1,549,587.99

A motion to approve Bills & Claims was made by Mr. Greene and seconded Mr. Haney.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Old Business: Brunetti – Oaks at Glenwood
To be discussed in Executive Session.

New Business: None.

Open to public: Seeing no hands Chairman Galante closed the public portion.

Executive Session: A motion to go into Executive Session at 7:45 p.m. was made by Mr. Testino and seconded by Mr. Haney.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

The Regular Meeting reconvened at 8:50 p.m.

During Executive Session Mr. Granata discussed litigation matters pertaining to Brunetti and Manzo/Transco.

A motion to authorize the retention of legal counsel for the individually named defendants in the Brunetti litigation subject to the outcome of the insurance company's decision was made by Mr. Testino and seconded by Mr. Galante.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Meeting Schedule Revision

A motion to reschedule the Regular Meeting of the Authority from Friday, November 15, 2013 to Monday, November 18, 2013 was made by Mr. Galante and seconded by Mr. Haney.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Adjournment: A motion to adjourn at 8:52 p.m. was made by Mr. Donatelli and seconded by Mr. Galante.

The motion was approved by an ALL AYES vote.

Respectfully submitted:

Arthur M. Haney, Secretary