

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
REGULAR MEETING
December 18, 2013**

Call to Order: The Regular Meeting of December 18, 2013 was called to order at 12:00 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
Arthur Haney, Secretary
Richard Greene, Treasurer
Rocco Donatelli, Commissioner
Reginald Butler, 1st Alternate – Assistant Secretary
Anita Greenberg, 2nd Alternate - Assistant Treasurer

Absent:
Edward Testino, Vice Chairman

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 November 2013.

2014/2015 OBMUA Schedule of Meetings

Executive Director Donatelli asked that the Commissioners review the proposed schedule of meetings for the forthcoming year.

Pay to Play Law

Executive Director Donatelli stated that the annual professional contracts will be expiring in February, and the Authority will need

to advertise for qualifications in order to comply with the Pay to Play Law in connection with the fair and open award process.

A motion to authorize the Executive Director to advertise in accordance with the “Pay to Play” Legislation for the following: Auditor, Financial Advisor, Actuarial, Training Specialist, Insurance Agent, General Counsel, Labor Counsel, Bond Counsel, Bankruptcy Counsel, Special Counsel, Consulting Engineer, and Computer Maintenance Specialist was made by Mr. Galante and seconded by Mr. Greene.

The roll call was as follows:

AYES: Greene, Haney, Butler, Greenberg, Galante

NAYS: None

NO PARTICIPATION: Donatelli

ABSENT: Testino

5 Ayes 0 Nays 1 No Participation 1 Absent

Aberdeen Water Bill

Executive Director Donatelli stated that Aberdeen Township has not yet replied to the Authority’s offer.

Mr. Granata stated that Aberdeen has received a bill from the MUA for 800,000 gallons of water. Aberdeen thought that the amount should have been 600,000.

Executive Director Donatelli stated that an offer was made for 700,000 gallons; Aberdeen wanted 600,000. He suggested that their attorney contact Mr. Granata.

Mr. Florek stated that the existing contract needs to be amended.

Executive Director Donatelli stated that a factory closed, and a five-year historical analysis revealed a 600,000 gallon use. The Authority’s budget was struck anticipating 700,000 gallons as a reasonable amount with the intention to review this number in a few years. This was rejected by Aberdeen, and the current bill remains unpaid.

Mr. Granata stated that the Commissioners must vote to allow the most recent bill to be adjusted to a 700,000 gallon usage.

A motion was made to adjust the Aberdeen current water usage bill from 800,000 gallons to 700,000 gallons subject to Aberdeen accepting the terms of the offer was made by Mr. Haney and seconded by Mr. Greene.

The roll call was as follows:

AYES: Greene, Haney, Butler, Greenberg, Galante

NAYS: None

NO PARTICIPATION: Donatelli

ABSENT: Testino

5 Ayes 0 Nays 1 No Participation 1 Absent

MCUA Budget Meeting

Executive Director Donatelli stated that he along with Commissioner Butler and Messrs. Florek and Roy attended an informal budget meeting. Based upon questions posed by Commissioner Butler and Mr. Florek, it was determined that the MCUA budget is realistic. The capital funds that MCUA sought to raise in their new budget will be funded through FEMA reimbursements.

Mr. Florek stated that at the MCUA Budget Meeting, MCUA representatives showed that anticipated revenues from FEMA offset their anticipated expenses.

Executive Director Donatelli stated that the largest increase was in the chlorine per million-gallon cost.

Dr. Greenberg asked for a confirmation that the sewer rate increase is justified.

Executive Director Donatelli stated that the expenses of the MCUA operations are “flat”. There was a several million-dollar loss in retained earnings.

Mr. Roy added that the debt service cost increased about \$1.5 million, and MCUA lost approximately \$2 million from

anticipated interest from the retained earnings that they spent on the damage from Superstorm Sandy.

Dr. Greenberg stated that the MCUA then needs to recoup approximately \$3.5 million. She asked what percent of that money would come from Old Bridge.

Mr. Roy responded that all participants would pay the same, which is about 5% across the board. All participants to MCUA pay an estimated quarterly payment similar to the way quarterly estimated tax payments are made to the IRS.

Dr. Greenberg asked if the MUA communicated with other users.

Mr. Roy stated that he has discussed with other users the capital needs of the MCUA over the next five years. Potential FEMA money is being used to offset many expenses.

Mr. Butler stated that his presence at the meeting with the MCUA was to determine how to best represent the ratepayers. The capital budget for the last three years was zero. For 2014, the number is \$16,300,000 for projects, which had been previously delayed.

Prospect Avenue/Marlboro Road Excess Property Subdivisions

Executive Director Donatelli stated that the Planning Board approved two rather than the proposed three lots on Prospect Avenue conditioned upon the MUA repairing a sidewalk. The subdivision application for the Marlboro Road property was withdrawn after the Township Planner recommended that a sewer be extended 150 feet and sewer laterals be installed before the property can be subdivided into three lots.

Mr. Granata added that there were also concerns about the slope of the property. Three house designs, which would meet the slope, had to be submitted.

Mr. Roy stated he would be meeting with Mr. Rizzo in an attempt to resolve the outstanding issues.

Mr. Granata stated that as an alternative, the OBMUA could advertise for an appraisal of the value of the property if subdivided and sell this as a package to a developer.

Mr. Galante inquired about the placement of a grinder pumper.

Mr. Roy offered that, but it was rejected.

Mr. Granata stated that rather than get into a debate, the application was withdrawn. He has spoken to several builders who are interested in purchasing the lots as subdivisions. With respect to Prospect Avenue, the MUA was seeking variances because the lots were all undersized, and the approval was for two rather than three lots.

Mr. Greene asked about the sidewalks.

Executive Director Donatelli stated that when the plant was refurbished, the sidewalk was installed only as a protection for valves, etc.

Mr. Granata requested authorization to obtain appraisals on the Prospect Avenue property in order to publicly bid the property “as is”. If the Commissioners want to proceed with the Marlboro Road three lot subdivision evaluation, a builder would assume the responsibility of making the application.

Mr. Greene asked for a clarification relating to the Prospect Avenue property and the size of the lots.

Mr. Granata stated that the property is located in a community with large lots and others that are restricted. The adjacent lot is restricted. The neighbors complained that lots were already constricted.

A motion to authorize obtaining the services of an appraiser for the lots located at Prospect Avenue and at Marlboro Road was made by Mr. Galante and seconded by Mr. Haney.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Emergency Fuel Depot

Executive Director Donatelli stated that in October, CME submitted planning documents, and the Authority submitted a letter of intent to the NJEIT for a new emergency fuel depot at the

Rt. 516 garage property to be considered for the “Sandy” funding being made available within the State. He recommended going forward with the project, the construction cost of which is estimated at \$1 million. A proposal is needed from CME for the January 15 meeting to perform engineering design services in order to complete the design work before the NJEIT deadline of March 3, 2014.

Mr. Haney asked what the size of the tank would be.

Executive Director Donatelli responded that there would be two – ten thousand gallon above ground tanks – one diesel; one gas. This would parallel those in Laurence Harbor.

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

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Previous Minutes:	Regular Meeting	-	October 16, 2013
	Executive Session	-	October 16, 2013
	Regular Meeting	-	November 18, 2013
	Executive Session	-	November 18, 2013

A motion to approve the previous minutes was made by Mr. Donatelli and seconded by Mr. Butler.

The roll was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Engineering Reports: Michael Roy, P.E.

Report on Developers for Approval

No Developer Applications

Engineering Reports: Michael Roy, P.E

**1. 2013 Sanitary Sewer Rehabilitation, Contract
No. 2013-01, Award Contract**

Mr. Roy stated that there is a need to reline sanitary sewers in the Southwood Development. The Authority's staff conducted visual inspections of the interior condition of sewer mains throughout the Southwood Development and the Iresick Brook Trunk Sewer with the use of CCTV equipment. These areas were selected for inspection because of the age of the development and several problems, which occurred within the past few years requiring repair work. R3M Engineering prepared contract documents for public bidders, and bids were received on December 3, 2013 for a contract to reline the sewers that have the most deterioration.

Financing for these projects will be from a 2008 Bond. The scope of the work includes relining approximately five thousand feet (5000') of eight-inch (8") diameter sewer within the Southwood Development and approximately fifteen hundred feet (1500') of twenty-four inch (24") diameter Iresick Brook Trunk Sewer.

The lowest bidder was Insituform Technologies, LLC with a total bid price for the Base Bid, Alternate 1 and Alternate 2 of \$395,479.00, which was well below the engineer's opinion of probable cost of \$952,870.00. This company has significant experience in small and large diameter sanitary sewer CIPP work in the public sector.

Mr. Greene stated that for the benefit of those who question MUA charges, he would like to emphasize that this project is for preventative maintenance to insure against future problems.

A motion to award Contract No. 2013-01, 2013 Sanitary Sewer Rehabilitation to Insituform Technologies, LLC as recommended was made by Mr. Galante and seconded by Mr. Greene.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

2. 2013 Sanitary Sewer Rehabilitation, Construction Engineering Services to R3M

R3M has submitted a proposal to perform Construction Management and Inspection for the referenced relining project. The estimates of engineering fees are shown on the “Project Outline” by labor category for the following tasks:

Construction Management - \$84,484
Inspection - \$23,979

A motion to Authorize Construction Engineering Services to R3M Engineering in connection with the 2013 Sanitary Sewer Rehabilitation as recommended was made by Mr. Donatelli and seconded by Mr. Butler.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

3. Water Main Interconnection and Rt. 516 Water Main Replacement, Award Contract

Mr. Roy reported that the work involved in this project is connecting the Higgins Road and Rt. 516 Water Storage Tanks together. The financing for this project is done through the NJEIT. The project has been broken into two separate contracts – pipe installation and water tank painting.

This contract relates to the pipe connecting the two tanks together and included in the same contract is the two thousand feet (2000') of water main on Rt. 516, which because of multiple breaks will be replaced.

Montana Construction of Lodi, NJ, submitted the lowest bid of \$2,868,806.65. There were several issues with this bid, which are waive-able. There was nothing fatal. Montana Construction did, however, "penny bid" fifty-five of the items. CME recommends that the bidder certify that they will do the work if they are asked to do it for the price bid.

Mr. Donatelli asked where the line would be located.

Mr. Roy responded that the pipe from the booster station at Lambertson and Partridge Roads experiences all the pressure from the pump station. Breaks occur frequently in this area, and the new pipe will be able to withstand the pressure. The work will commence sometime next year at night.

A motion to award a contract for the Water Main Interconnection and Rt. 516 Main Replacement to Montana Construction of Lodi, NJ, as recommended was made by Mr. Donatelli and seconded by Mr. Butler.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

4. Water Tank Rehabilitation of the Higgins Road and Rt. 516 Water Storage Tanks, Reject all Bids and Re-advertise

Mr. Roy stated that there were multiple bidders for this project with very low bid prices. The low bidder was not registered to do business in New Jersey; the others had similar problems.

Because of the prevalence in deficiencies in the bids associated with listing and providing supporting information for the listed subcontractors, the recommendation is to re-advertise this project. Bids will be taken and awarded in January 2014.

A motion to reject all bids and re-advertise the Water Tank Rehabilitation of the Higgins Road and Rt. 516 Water Storage Tanks as recommended was made by Mr. Galante and seconded by Mr. Butler.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

5. Rocky Creek Sewer Pump Station, Release Performance Guarantee

Mr. Roy stated that all paperwork is in order and that a maintenance bond will not be required since the Developer has maintained the pump station for over ten (10) years, and upon final inspection on May 7, 2012, the pump station was found to be in good condition.

A motion was made to release the performance guarantee of Rocky Creek Sewer Pump Station as recommended by Mr. Galante and seconded by Mr. Butler.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 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, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Financial Report:

Stephen A. Florek II, Comptroller

Mr. Florek stated that a tax sale was currently taking place. Revenue projected through the end of the year is \$580,000 less than budgeted due to the recent wet summer.

Mr. Volk stated that the property and casualty insurance is written with Selective Insurance. As a benefit, the MUA is placed in their municipal pool. A profitability report is run on all the municipalities insured by Selective. If the municipality has been profitable, a dividend check is returned to the client. This year the MUA's dividend is \$8,920.00

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

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Legal Report: Louis E. Granata, Esq.

Higgins Road Tank Connection Easement

Mr. Granata reported that the appraisal for the easement on Higgins Road was \$22,500 (\$19,600/permanent; \$2,900/temporary). Mr. and Mrs. Schuck have been provided with a contract to sign, and they have accepted the offer. There needs to be an authorization of the issuance of a check either to his trust account or to Mr. and Mrs. Schuck.

A motion to authorize a closing and disbursement of funds in connection with the acquisition of the easement from Mr. and Mrs. Schuck and for the procurement of title insurance was made by Mr. Galante and seconded by Mr. Butler.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Woodhaven Village, Section 2

Mr. Granata stated that with respect to Woodhaven Village, Mr. Shimanowitz, the attorney, contacted him. They are proceeding with the development of Section 2, and Mr. Shimanowitz has asked that the Authority waive the required performance bond for the installation of the sewer and water facilities. Mr. Shimanowitz went to the Township Planning Board and the development was approved without a performance bond based on the argument made by Mr. Shimanowitz that the posting of a performance guarantee is to guarantee that the structures are installed for the ultimate user, which are the residents. His position is that the Performance Bond only needs to insure that the end user knows that all utilities constructed have been done in accordance with the plans and specifications.

Mr. Granata is concerned because the Statute governing the Authority requires the posting of a performance bond and the terms of that posting are similar to what is required by the Municipal Land Use Law. Mr. Shimanowitz makes the argument that the Developer is assuming responsibility of the risk, and there is no

risk to the Authority. However, the Authority will want to inspect the work and by so doing, will assume some risk.

Mr. Granata stated that if the Developer is assuming the risk, why should the Authority grant Final Approval. Mr. Shimanowitz stated that the Township entered into a Developer's Agreement. The Developer will not proceed to seek Final Approval for the application, but does want the Authority to inspect so that when final approval is sought, the Authority will know that the work has been done properly.

Mr. Greene asked if the subject was the commercial or residential section of the development.

Mr. Roy confirmed that it was residential.

Mr. Donatelli stated that this would set precedent.

Mr. Galante suggested tabling this until more information is received.

Mr. Granata asked Mr. Shimanowitz for his research and the legal exchange he had with Mr. Convery and the Planning Board. He provided a copy of the Developer's Agreement entered into with the Township.

A motion to table the waiver of the performance guarantee for Woodhaven Village, Section 2 until Mr. Granata has more information was made by Mr. Galante and seconded by Mr. Butler.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Bills & Claims: \$2,057,331.15

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

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Old Business: Brunetti Oaks at Glenwood Development
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 1:00 p.m. was made by Mr. Galante and seconded by Mr. Greene.

The roll call was as follows:

AYES: Donatelli, Greene, Haney, Butler, Galante

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

The Regular Meeting reconvened at 1:20 p.m.

During Executive Session Mr. Granata discussed pending litigation matters.

Adjournment: A motion to adjourn at 1:21 p.m. was made by Mr. Donatelli and seconded by Mr. Haney.

The motion was approved by an ALL AYES vote.

Respectfully submitted:

Edward Testino, Secretary