

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
REGULAR MEETING
May 21, 2014

Call to Order: The Regular Meeting of May 21, 2014 was called to order at 7:00 p.m. with the Pledge of Allegiance by Arthur Haney, Chairman.

Announcement: Chairman Haney 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:
Arthur Haney, Chairman
Richard Greene, Vice Chairman
Edward Testino, Secretary (arrived at 7:05 p.m.)
Anita Greenberg, Treasurer
Rocco Donatelli, Assistant Secretary
Frank Weber, 1st Alternate Assistant Treasurer

Absent:
Brian Cahill, 2nd Alternate

Also present:
Michael Roy, P.E.
Stephen A. Florek II, Comptroller
James Cleary, 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 April 2014.

Annual Contract for Sewer Field Services
Executive Director Donatelli stated that he is currently advertising for bids for Emergency Sewer Field Services with an opening date of June 10, 2014. This is an annual contract that is valid for one year and allows for up to two-year extensions. The maximum extension has expired for this contract.

Annual Contract for Water Supply Materials

Executive Director Donatelli stated that he is currently advertising for bids for Water Supply Materials. This is an annual contract that is valid for one year and allows up to two-year extensions upon mutual agreement. The current contract vendors do not choose to extend the contract for another year at the current index rate of one percent. Their products are metal based (copper, brass, etc.), and the indexes are much higher than one percent. The bid opening date is June 10, 2014.

Operator Certification Program

Recently, a survey had to be completed and returned to the State as to the Authority’s position on operator succession. Omar Maldonado achieved a C-3 Collection License; Harold Denney, Jr., a C-2 Collection License; and Walter Gillins, a C-2 Collection License and a W-1 Water Distribution License. This program of continued education has been very successful and is an essential part of the Authority’s succession plan.

Middlesex Rate Case

Executive Director Donatelli announced that Hesser McBride would be discussing a proposed settlement in Executive Session with respect to the Middlesex Rate Case that affects the South River Basin Bulk customers.

Presentation by CME

CME will be presenting options for the three hundred acres purchased from the Township in the South Old Bridge area near the Matchaponix River in Executive Session.

Executive Director Report: Arthur M. Haney, Executive Director
No Report

Previous Minutes: Budget Workshop - March 5, 2014
Regular Meeting - March 14, 2014
Executive Session - March 14, 2014

A motion to approve the previous minutes was made by Mr. Haney and seconded by Dr. Greenberg.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Haney

NAYS: None
NO PARTICIPATION: Weber
ABSENT: Testino
4 Aye 0 Nays 1 No Participation 1 Absent

Engineering Reports: Michael Roy, P.E.
Report on Developers for Approval:

Simpson United Methodist Church
1. W12-631, Minor Water – 1 EDCU

Mr. Roy stated that this project located on the south side of Route 516 at Owens Road is for the construction of approximately 180 LF of six and eight inch (6" & 8") DIP water main and a fire hydrant connecting into the existing water main in Owens Road. The existing water service line will be replaced to service the existing church/office and a proposed addition with a net increase of 625 SF. The addition is being added to relocate the kitchen and offices from the basement area of the church, which will be converted to a crawl space due to frequent flooding.

Minor Review and Inspection fees have been paid. Connection and Construction Water fees are not required for this construction. When the new meter is installed, the billing EDCU's will be adjusted to reflect the actual usage.

The Authority granted Minor Approval on May 23, 2012 for an 8,067 SF addition with fire sprinklers. Township Final Planning Board Approval was granted on November 1, 2011. The Applicant is now seeking an amended Minor Approval for a 4,197 SF addition without fire sprinklers. It has been verified with the Township Planning Department that an amended Site Plan Approval is not required.

The Applicant acknowledges that their facility will be without potable water and sanitary sewer service for an extended period of time (at least a month). The Applicant indicates they will utilize portable toilets and bottled water during this period. The use and occupancy of the building during this period of time will be subject to the approval of the Township Code Enforcement Office and the Office of the County Health Department.

There are no existing residential dwellings in the area to be provided with municipal water service.

The Applicant has indicated that lawn irrigation is not proposed for this site; therefore, **lawn irrigation is not included in this approval.** If a lawn irrigation system using municipal water is proposed in the future, the plan must be submitted to the Authority to determine the number of additional Equivalent Domestic Consumer Units.

The Applicant has indicated that the fire flow demand is 2,250 gpm. A hydrant flow test performed on November 14, 2011, indicates that the Authority's water distribution system has this fire flow available.

Applicant has acknowledged that all proposed water mains and fire hydrants would remain privately owned and maintained by the Applicant.

The size, material and installation of the on-site water service lines are also subject to approval by the Township Plumbing Sub-Code Official.

Technical requirements sufficient for Minor Water Approval have been satisfied.

A copy of this report has been supplied to the Contact Person of the Applicant as listed on the application form.

Mr. Roy recommended Minor Water Approval subject to the following nine conditions:

1. Applicant shall pay all applicable fees.
2. The Applicant shall comply with and address any and all comments in this Engineer's Report dated May 16, 2014.
3. All proposed water mains to remain privately owned and maintained by the Applicant.
4. Applicant to schedule a pre-construction meeting at least two (2) weeks prior to commencing any utility construction.
5. Wet cut fee, Performance Guarantee, Certificate of Insurance and proof of all required permits shall be

submitted prior to the pre-construction meeting.

6. Lawn irrigation is not included in the approval. If lawn irrigation system using municipal water is proposed in the future, the plan must be submitted to the Authority for approval.
7. The Applicant shall construct the water improvements in accordance with the Approved Drawings, and permits issued by any Agency having jurisdiction.
8. Applicant to fully comply with the Rules and Regulations of the Authority and any Agency having jurisdiction.
9. This Minor Water Approval shall expire one (1) year from the date of the resolution if no construction has taken place within that one (1) year period.

A motion to approve Simpson United Methodist Church W12-631, Minor Water as recommended was made by Mr. Donatelli and seconded by Dr. Greenberg.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Weber, Haney

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 Mr. Weber and seconded by Mr. Haney.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Weber, Haney

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Engineering Reports: Michael Roy, P.E.

1. Annual Contract for Laboratory Testing of Drinking Water – Contract No. W12-158, One-Year Contract Extension.

Mr. Roy stated that on May 23, 2012, the Authority awarded the referenced contract to Precision Analytical Services, Inc. The Authority authorized a one (1) year extension for the referenced contract on July 17, 2013, with the Resolution No. M-24-13 that will expire on May 31, 2014.

The Contract Documents allow for an additional one (1) year extension upon mutual agreement of both parties using the NJDCA “Index Rate” for any price adjustments in accordance with the Public Contracts Law. Precision Analytical Services, Inc. has agreed to a one (1) year extension of this contract.

Precision Analytical Services, Inc. has performed their work in an effective and efficient manner. Therefore, he recommends a one (1) year extension; with a price adjustment based on the recently published State “Index Rate” which is currently one percent (1%), to Precision Analytical Services, Inc., 2161 Whitesville Road, Toms River, NJ 08753.

All other contract provisions shall be in accordance with the same terms and conditions of the original contract. The contract extension will expire on May 31, 2015.

A motion to approve a one-year contract extension for Contract No W12-158, the Annual Contract for Laboratory Testing of Drinking Water, to Precision Analytical Services, Inc. as recommended was made by Mr. Testino and seconded by Dr. Greenberg.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes 0 Nays 1 Absent

2. Annual Contracts for Water Chemicals-Contract No. W14-171, Award the Various Sections of Contract to Lowest Responsible Bidders

The following are Mr. Roy's comments and recommendations after reviewing the sealed bids for the referenced contract that were opened and read aloud on May 6, 2014 at 2:00 P.M. at the Authority's office.

This contract contains six (6) different chemical sections. The contract allows for each section to be awarded separately.

1. Bagged Hydrated Lime

There was one (1) bidder for this section of the contract. The lone bidder submitted a unit price that was twenty two point two percent (22.2 %) higher than last year's unit price. This will result in a \$170.00 increase in the cost for the minimum shipment of 2,500 lbs. to our plant. The total cost increase for the year is estimated to be \$25,160.00.

Mr. Roy recommended awarding Item No. 1 of this contract to the lowest responsible bidder for this item, Coyne Chemical Co., Inc., Croydon, PA, for the unit price bid.

2. Bulk Hydrated Lime

There was one (1) bidder for this section of the contract. The lone bidder submitted a unit price that was eight point one percent (8.1 %) higher than last year's unit price. This will result in a \$349.32 increase in the cost for the minimum shipment of twenty (20) tons to our plant. The total cost increase for the year is estimated to be \$1,746.60.

Mr. Roy recommended awarding Item No. 2 of this contract to the lowest responsible bidder for this item, Greer Industries, Inc., Morgantown, WV, for the unit price bid.

3. Bulk Stern-Pac, Full Load

There was one (1) bidder for this section of the contract. The lone bidder, USALCO, LLC, submitted a unit price that was ten point six percent (10.6%) lower than last year's unit price. This will result in a \$772.20 decrease in the cost for the minimum shipment of 45,000 lbs. to our plant. The total cost savings for the year is estimated to be \$1,372.80.

Mr. Roy recommended awarding Item No. 3 of this contract to the lowest responsible bidder for this item, USALCO, LLC, Baltimore, MD, for the unit price bid.

4. Bulk Stern-Pac, Partial Load

There was one (1) bidder for this section of the contract. The lone bidder, USALCO, LLC, submitted a unit price that was eleven point three percent (11.3 %) lower than last year’s unit price. This will result in a \$345.00 decrease in the cost for the minimum shipment of 15,000 lbs. to our plant. The total cost savings for the year is estimated to be \$1,840.00.

Mr. Roy recommended awarding Item No. 4 of this contract to the lowest responsible bidder for this item, USALCO, LLC, Baltimore, MD, for the unit price bid.

5. Sodium Hypochlorite in Containers

There was one (1) bidder for this section of the contract. The lone bidder withdrew its bid with a letter dated May 12, 2014.

Mr. Roy recommended **not** awarding Item No. 5 of this contract. The containers are utilized in a limited manor by the Authority and should the need arise, containers of Sodium Hypochlorite may be purchased on the spot market.

6. Sodium Hypochlorite in Bulk

There were four (4) bidders for this section of the contract. The lowest bidder submitted a unit price that was eight point two percent (8.2%) lower than the unit price in last year's contract. This will result in a \$7.89 decrease in the cost for the minimum shipment of 50 gallons to our plant. The total cost savings for the year is estimated to be \$7,890.00.

Mr. Roy recommended awarding Item No. 6 of this contract to the lowest responsible bidder for this item, Buckman’s Inc., Pottstown, PA, for the unit price bid.

A motion to Annual Contracts for Water Chemicals-Contract No W14-171, Award the Various Sections of Contract to Lowest Responsible Bidders as recommended was made by Mr. Haney and seconded by Mr. Testino.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes 0 Nays 0 Absent

3. 2014 Sewer Pump Station Upgrades-Engineering Services to Alaimo Associates

Mr. Roy stated that Alaimo Associates has provided a proposal with cost estimates for sewer pump station upgrades as follows:

- 1. Design - \$48,737
- 2. Bid - \$11,342
- 3. Inspection - \$18,619
- 4. Engineering Services During Construction - \$22,302

The dollar amount of these estimated fees appears to be reasonable. The fees are based upon an estimate of the number of hours required for the level of effort anticipated for each of the engineering tasks in accordance with their Consulting Engineering Agreement dated February 5, 2014. The project duration is anticipated to be five (5) months of actual construction, with an overall contract time of approximately nine (9) months.

This cost for this project was included in the General Funds of next year’s budget FYE 2016. The scope of this project involves installing communitor chambers at the Country Place, Foxborough-Amboy Road, Farrington Road and Deep Run Sewer Pump Stations; and, installing manlifts at the Raritan and Lakeridge 516 Sewer Pump Stations. Communitor Chambers reduce the size of extraneous material that is disposed of in the sanitary sewer system in order to avoid pump blockages. Manlifts aid in the safety and efficiency to perform maintenance within the sewer pump station dry wells.

A motion to authorize Alaimo Associates to perform Engineering Services for the 2014 Sewer Pump Station Upgrades Project as recommended was made by Mr. Weber and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes 0 Nays 0 Absent

Prior to the roll call vote the following discussion took place.

Mr. Weber asked if that station was specifically built for Country Place and if this type of maintenance was typical.

Mr. Roy responded that it was built by the developer to accommodate Country Place. The current Rules and Regulations for Sewer Approval now include the requirement to install a communitor on all newly built pump stations.

Mr. Lunkheimer added that the communitor chambers shred material allowing the sewage to flow more easily, thereby not clogging the pumps.

4. Central Park Sewer Main Relining-Engineering Services to Alaimo Assoc.

Mr. Roy reported that in the Spring of 2013, several sewer main blockages occurred in the Central Park Development. The age of this sewer system is over fifty-years old. The Authority Staff embarked upon a comprehensive CCTV Inspection of the entire development. A report was prepared by R3M Engineering dated March 12, 2014 which prioritized and ranked the reaches of sewer main that needed to be relined beginning with the worst mains at the top of the list.

Alaimo Associates in a proposal dated May 7, 2014 has outlined a plan for Engineering Services for the Design, Bid and Construction Phases of the first group of sewer mains ranked from 1 to 26. Alaimo Associates has provided estimates of engineering fees in their proposal as follows:

1. Design - \$33,595
2. Bid - \$7,922
3. Inspection - \$14,473
4. Engineering Services During Construction - \$14,010

The dollar amount of these estimated fees appears to be reasonable. The fees are based upon an estimate of the number of hours required for the level of effort anticipated for each of the engineering tasks in accordance with their Consulting Engineering Agreement dated February 5, 2014. The project duration is anticipated to be four (4) months of actual construction, with an overall contract time of approximately nine (9) months.

This cost for this project was included into the General Funds of next year's budget FYE 2016. The scope of this project involves sewer main relining of portions of the sanitary sewer system in Carassas Street, Homer Road, Park Circle, Athens Avenue, Jupiter Court, Mercury Circle, Plato Drive, Venus Road, Washington Avenue and Euclid Road of the Central Park Development.

A motion to authorize Alaimo Associates to perform Engineering Services for the Central Park Sewer Main Relining as recommended was made by Mr. Haney and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes 0 Nays 0 Absent

Consumer Confidence Report

Mr. Haney asked Mr. Roy when he planned to print the report.

Mr. Roy responded that he would like to receive comments by Friday, May 23, so that the report can be printed after Memorial Day.

Financial Report: Stephen A. Florek II, Comptroller

Resolution Adopting the Annual Budget – Water Division for the year ended May 31, 2015 and Sewer Division for the year ended May 31, 2015

A motion to approve a resolution authorizing the adoption of the Annual Budget for the Water Division for the year ended May 31, 2015 and for the Sewer Division for the year ended May 31, 2015 was made by Mr. Haney and seconded by Mr. Testino.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes 0 Nays 0 Absent

Long Term Disability (LTD), AD&D and Life Insurance

Mr. Florek stated that in a proposal presented by George Volk of Volk Insurance Group, the Long Term Disability (LTD) coverage would increase from the current \$5,000 per month maximum benefit to a maximum \$10,000 per month benefit with a reduction

in the overall premium of \$1,837.00 per month or an annual savings of \$22,044 per year. Standard Insurance Company that has an AAA rating would provide this coverage.

A motion to authorize an insurance contract with Standard Insurance Company for the provision of LTD, AD&D and Life Insurance as recommended was made by Mr. Greene and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes 0 Nays 0 Absent

Bills & Claims: A motion to approve Bills & Claims in the amount of \$3,233,456.61 was made by Dr. Greenberg and seconded by Mr. Testino.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes 0 Nays 0 Absent

Old Business: Mr. Roy stated that Remsco, the company contracted by the Authority, completed the construction improvements at Texas Road last week. Amboy Bank (on behalf of Birch Hill) is hiring another company to tie into the work that has been completed which will result in a future closing of Texas Road.

Dr. Greenberg asked who would be paving the road.

Mr. Roy stated that the Authority would be paving the road.

Open to Public: Ms. Zigfried addressed the Commissioners about her high water and sewer rates.

Ms. Wulster suggested changing the rate structure.

Mr. Haney stated that the rates are structured in a manner that is fair to everyone. The more water used, the higher the price per gallon. There is a cost to run the water system, and the Authority is limited by State statute as to what accommodations may be made based on income.

Dr. Greenberg suggested having the auditor explain the rate structure with perhaps a question and answer period.

Mr. Haney stated that although it could be done, he did not have confidence that these residents would be satisfied.

Dr. Greenberg stated that she understands the residents' frustration for paying for something that they are not using. There has to be a rate of delivery that is fair to everyone.

Mr. Haney stated that the Authority has to charge a set base rate to be able to have the residents connected to the Authority.

Seeing no further hands Chairman Haney 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. Donatelli.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes 0 Nays 0 Absent

The Regular Meeting reconvened at 8:37 p.m.

During the First Executive Session the following item was discussed:

1. Middlesex Water Rate Case Litigation

Middlesex Rate Case Settlement

A motion to negotiate a settlement with Middlesex Water according to Hesser McBride's recommendations was made by Mr. Haney and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes 0 Nays 0 Absent

Prior to the roll call vote the following discussion took place.

Mr. McBride stated that he represented the Authority in connection with the Middlesex Water 2013 rate increase. His recommendation is that the Authority agrees to adopt a negotiated settlement proposal that came about as a result of discussions with Middlesex Water Company, rate counsel and the BPU staff.

Middlesex Water Company proposed to increase customers' rates by 6.7%. Rate counsel took the position that the rate increase should be in the 17% range. We took the position that the Authority should be entitled to a rate decrease. After substantial negotiations, BPU recommended a rate increase of 7.8%.

It is his strong recommendation based upon negotiations and the likelihood of success in litigation should the case be pursued, that a settlement result in the amount of a 4.57% increase to the Authority is reasonable and appropriate.

Mr. Haney asked for the cost to the ratepayers.

Mr. Florek stated that based on a 4.57% increase to Middlesex Water Company, the MUA would realize a 1.2% increase to customers, which equates to \$.83 per quarter or \$3.32 per year.

Mr. Testino thanked Mr. McBride for his efforts.

Executive Session: A motion to go into Executive Session at 8:50 p.m. was made by Mr. Haney and seconded by Mr. Donatelli.

The motion was approved by an ALL AYES vote.

The Regular Meeting reconvened at 9:42 p.m.

During the Second Executive Session the following item was discussed:

1. Proposed Land Development

Proposed Land Development Presentation by CME

A motion authorizing CME is to prepare a proposal for a feasibility study for the future water supply needs of the Authority as recommended was made by Mr. Haney and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Weber, Haney

NAYS: None

ABSENT: Testino

5 Ayes 0 Nays 1 Absent

Adjournment: A motion to adjourn at 9:45 p.m. was made by Mr. Haney and seconded by Mr. Donatelli.

The motion was approved by an ALL AYES vote.

Respectfully submitted:

Edward Testino, Secretary