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Susan Gouveia

From: Lashway, Lisa
Sent: Friday, November 22, 2013 12:23 PM
To: Canning, Sean
Cc: Susan Gouveia
Subject: Correspondence - FW: MSA October 24th Approved Meeting Minutes
Attachments: October 24, 2013 approved mtg mins.pdf

Lisa Lashway
Mt. Olive Twp. Clerk
973-691-0900 Ext. 7291
FAX 973-691-2080
PO Box 450
Budd Lake, NJ 07828

From: Susan Grebe [mailto:sgrebe@msa-nj.org]
Sent: Friday, November 22, 2013 10:25 AM
To: Amy Rhead; 'Catherine Gleason'; Dolores Dalessandro; Doris Flynn; Ellen Horak; Linda DeSantis; Lashway, Lisa
Subject: MSA October 24th Approved Meeting Minutes

Attached are the approved meeting minutes of the MSA October 24, 2013 meeting.

I wish you all a Happy Thanksgiving.

*Susan Grebe,
Administrative Assistant
Musconetcong Sewerage Authority
110 Continental Drive, Budd Lake, NJ 07828
973-347-1525 ext. 201*

REGULAR MEETING OF THE MUSCONETCONG SEWERAGE AUTHORITY

Chairman Rattner called the meeting to order at 7:35 PM. Following salute to colors, announcement was made that adequate notice of this meeting had been provided for as defined by the "Open Public Meetings Act".

MEMBERS PRESENT: Donald Bates, James Benson, Michael Grogan, David Hoyt, John Keiser, Melanie Michetti, Daren Phil, Michael Pucilowski, Steven Rattner, Joseph Schwab, Edward Schwartz

MEMBERS ABSENT: John Sylvester

OTHERS PRESENT: Patrick Dwyer, Esq., Lee Purcell, PE, Fenton Purcell, PE, James Schilling, Marvin Joss, QPA
 Also Present: Stanley Puszcz, PE & Sabine Watson, PE of CP Engineers

Chairman Rattner opened and closed the meeting to the public.

The meeting minutes of September 26, 2013 were approved on a motion offered by Mr. Bates seconded by Mr. Pucilowski. Roll Call:

Mr. Bates	Yes	Mr. Phil	Yes
Mr. Benson	Abstain	Mr. Pucilowski	Yes
Mr. Grogan	Abstain	Mr. Rattner	Yes
Mr. Hoyt	Yes	Mr. Schwab	Abstain
Mr. Keiser	Yes	Mr. Schwartz	Yes
Mrs. Michetti	Abstain		

The Expenditures/Treasurer's Report was accepted on a motion offered by Mr. Schwab seconded by Mr. Hoyt and the affirmative roll call vote of members present.

The pending vouchers for the month of October were approved for payment on a motion offered by Mr. Schwab, seconded by Mr. Benson and the affirmative roll call vote of members present.

RENEWAL & REPLACEMENT	
CFM Construction	\$40,672.94
LTPA	\$13,430.00
National Water Main Cleaning Co.	\$177,090.90
RENEWAL & REPLACEMENT TOTAL	\$231,193.84
OPERATING ACCOUNT	
ABB, Inc.	\$1,412.35
ADP	\$613.50
AEA (conference registrations)	\$3,570.00
Atlantic Tomorrow	\$12.73
Donald Bates (AEA conf)	\$496.00
Bendlin, Inc.	\$7,974.00
Blue Diamond Disposal	\$175.00
Cintas Corp.	\$467.28
Cintas First Aid	\$76.97
Daily Record	\$9.36
Keith DeFazio	\$410.54
Grainger	\$575.98
Susan Grebe (disability & mileage reimb)	\$136.10
Michael Grogan (AEA conf)	\$496.00
David Hoyt (AEA conf)	\$496.00
Industrial Controls	\$4,460.00
JCP&L	\$9,300.13
LTPA	\$1,530.00
Lowe's	\$375.34
McMaster-Carr	\$206.45
Melanie Michetti (AEA conf)	\$496.00
NJSBHP	\$15,371.85
NJ American Water	\$1,219.15
Najarian Associates	\$5,871.75
Netcong Hardware	\$19.88
Nusbaum Stein	\$6,714.00
One Call	\$25.08
PCS Pump and Process	\$268.00
PPL Energy	\$14,712.08

Passaic Valley Sewerage	\$17,579.50
Daren Phil (AEA conf)	\$496.00
Michael Pucilowski (AEA conf)	\$496.00
QC Labs	\$588.00
Steven Rattner (AEA conf)	\$496.00
Safety-Kleen	\$223.15
James Schilling (mileage reimb & AEA conf)	\$522.39
Joseph Schwab (AEA conf)	\$496.00
Shell Fleet Plus	\$527.78
Spectraserve	\$16,476.53
David Stracco (dental reimb)	\$1.04
Trump Taj Mahal Casino Resort (AEA conf)	\$1,632.00
Verizon Communications	\$49.99
Verizon	\$860.43
Verizon Wireless	\$397.89

Chairman Rattner briefly discussed the median household annual incomes information received from the Morris County Planning Director and noted the differences between each of the MSA municipalities.

The following correspondence for the month of October was received and filed on a motion offered by Mr. Pucilowski, seconded by Mr. Schwab and the affirmative vote of members present.

- A. 10/9/13 Vincent Montanino, RMA – MSA 2014 Charges for Proposed Budget & Existing Debt Service
- B. 10/16/13 Gregory Ploussas, PE – Additional Escrow for Morris Companies
- C. 10/21/13 Morris County Planning Director – Median Household Annual Incomes

Mr. Schilling asked if the commissioners had reviewed his monthly report and if anyone had any questions. Mr. Schilling reported that the FEMA claim for Hurricane Sandy has been closed and the MSA was able to recover 84% of the \$57,543.30 that was expended by the MSA due to the storm. Mr. Pucilowski asked if the State had disqualified some of the items submitted. Mr. Schilling responded that was correct and the MSA had two categories, which included debris cleanup and fuel. Typically the recover rate is only about 75% of out of pocket costs, so he was pleased with the outcome.

Mr. Schilling also reported that he was very pleased with the bid results for the Ferric Chloride contract. Essentially there is no increase in costs.

Mr. Schilling also noted that the MSA is now signed up with the alert emergency notifications systems with 6 out of the 7 MSA towns.

Mr. Schilling also reported on the Mission Statement which is a website compliance requirement by the DCA. He included the Mission Statement on his monthly report for the commissioners to review. The commissioners agreed that Mr. Schilling's Mission Statement was sufficient.

Mrs. Michetti asked about the money received from the FEMA claims that Mr. Schilling had submitted and where the funds get deposited. Chairman Rattner also asked what expense codes the funds were charged against. The Administrator indicated that the funds were deposited into the operating account as a FEMA reimbursement. Mr. Joss indicated that was correct and the money could be surplus or could be used to fund next year's budget. Mrs. Michetti asked if the money could be deposited into the Renewal and Replacement or Capital Improvement funds to be used for various project expenses rather than refund the money to the towns. Chairman Rattner said there are different options and they should be discussed with the MSA accountant.

Mrs. Michetti asked about the summary for overtime and if the wireless system upgrade installed into the meter chambers would account for less hours of call-ins, or if the wireless system will decrease the number of overtime hours. Mr. Schilling said it would have no impact. If there is an alarm at any of the facilities it must be responded to. He said that he recently had the outputs and inputs at the plant and pump stations evaluated to look at expanding the flow data information. Mr. Schwab asked Mr. Schilling if there were any noticeable differences in the flow data since the wireless system was installed. Mr. Schilling said not as yet especially since the weather was dry with very little rainfall. He also noted that he thinks the flows had come down prior to the repairs. Mrs. Michetti requested that she would like to see the flow data with rainfall sometime in the next couple of months. Mr. Schilling said that information would be supplied.

The Repairs and Maintenance Report was accepted on a motion offered by Mrs. Michetti, seconded by Mr. Schwab and the affirmative vote of members present.

Mr. Purcell reported on the sewer rehabilitation, Contract #245. The project is completed. National Water Main successfully completed all of the work in the contract documents. He supplied Mr. Schilling with a report and disk from National Water Main that depicts before and after photos of the rehabilitation work. LTPA certified the semi-final payment in the amount of \$177,090.90. The final payment will be the release of their retainage which will not occur until the maintenance bond is received

satisfactorily by the MSA Attorney. Mr. Purcell reported that National Water Main completed the project \$8,695.00 below the low bid award. The savings had to do with amount of grout in the specifications that did not have to be used and the traffic control was less than was originally estimated. Mr. Purcell presented a summary of the bid award costs as estimated and the actual final costs. LTPA was \$900.00 over the budgeted amount for the design. Construction inspections were estimated at \$7,000.00 to be billed at an hourly billing rate. Mr. Purcell said that the inspection work was completed by his inspector at a billing rate of \$90.00 an hour, which included nighttime work inspections. The final cost for construction inspections was \$5,000.00 over the estimated final cost. The final project cost, based on the low bid award, was \$220,394.00 which is a savings of \$3,015.00 below the estimated final project costs. Mr. Keiser asked Mr. Purcell to please restate the engineering inspections costs. Mr. Purcell stated that the engineering inspection fees amounted to a total of \$12,680.00. The estimated cost was \$7,000.00 and LTPA anticipated that a certain portion of the inspections would be completed by MSA Staff. Mr. Schilling indicated that only \$7,000.00 was allocated for engineering inspections under the resolution approved for the engineering costs. Mr. Purcell said it was anticipated that the MSA staff would participate in the inspections. Mr. Schilling indicated he did not think that was not the case. Mr. Purcell said he believed there were previous discussions that MSA would participate in the construction inspections for the project. Mr. Schilling said he believed that discussion concerned Contract #250 and MSA Staff was not asked to participate in inspections for Contract #245. Mr. Purcell explained the scope of the project and what was required from the inspections. Mr. Schwab asked about the nighttime work and suggested that should be included in specifications for the next bid. Mr. Bates questioned the safety concerns on the project. Mr. Purcell said the contractor was fully prepared for all safety and confined space concerns. Mr. Keiser asked about the hourly charge against the lump sum cost for LTPA's supervision and he thought the contract had a provision that if the cost needed to be extended it would be extended with MSA approval. Mr. Purcell said that he advised the Authority at last month's meeting that the engineering inspection budgets were going to be higher than what was originally estimated. Mr. Purcell said the project is completed and the MSA saved \$3,015.00 than what was originally budgeted. \$8,695.00 was the original savings. There was a \$5,000.00 incremental increase in inspection costs for a total savings of \$3,015.00. Mr. Keiser ask that in the future, he would request that LTPA notify the Authority in writing if a project will have an over run of the budget and the Director could authorize the expense. Mr. Purcell said his proposal was based upon an estimate that would be billed on an hourly basis. There was never a cost not to exceed. Mr. Schilling noted that the approving resolution indicated \$7,000.00 for engineering inspections for the project and the amount will not exceed the bid without further authorization of the MSA. Chairman Rattner said that in the future an additional resolution would be needed when a contract will exceed the budget and LTPA should submit an estimate on the additional expense ahead of time. Mr. Schwab requested that LTPA submit a complete detailed summary of the inspection with the hours and days the inspector was on site. Mr. Dwyer suggested that nighttime work should be specified in the future and a clause should be included in future resolutions so that the Director is authorized to allow a project to be approved by a certain percentage buffer to go over the budgeted amount. There was some further discussion about how future additional over budget expenses would be handled and that overages must be submitted in writing.

Mr. Purcell reported on the handrail repairs for Contract #250. The contractor, CFM Construction, started the work late and proceeded with a staff of two people. The contractor is 60% complete with the project. The contract completion date is November 7, 2013. Mr. Coscia of CFM Construction indicated that the project would be completed on time or at the worst 2 or 3 days over. Mr. Purcell noted that he did not think that time frame would be achieved. LTPA has asked a number of times that CFM increase the crew working on the project, but that has not yet happened. LTPA is inspecting part time. Mr. Purcell estimated that the project will be completed around the middle of November. Mr. Keiser asked what the cost impact to the MSA will be from the delay. Mr. Purcell said that as of October 13th the inspection costs have gone over the estimated project budget by \$3,150.00. Mr. Schilling asked if that was over the \$8,000.00 budgeted in the approving resolution. Mr. Purcell said that in the discussions when the contract was formalized, it was anticipated that MSA Staff could observe what the contractor was doing and they could call LTPA if there was a problem. Mr. Schilling said that MSA Staff has not been asked to participate in any way and that LTPA's inspector is on site everyday for at least half a day. Mr. Schilling asked Mr. Purcell to send an e-mail or verbal request by phone asking for MSA Staff participation to reduce the inspector's time on the project. Mr. Schilling also asked about the minor repairs that the MSA Staff will be required to do. Chairman Rattner suggested that an Engineering Committee or Finance Committee meeting may be in order to decide which direction the communication should be from. Mr. Purcell reiterated that the contractor would not be able to complete the project on time. He requested a meeting with Engineering Committee to discuss with Mr. Schilling and the Committee how the project should be completed, and what role LTPA's office should have, and what role MSA Staff should have. LTPA's billing that was submitted this evening was for the past two weeks work. Mr. Schilling asked when the MSA Staff would be required and trained to complete some of the minor repairs. Mr. Schwab indicated that it should be the engineer's responsibility to engage the MSA Staff's help to stay within the project budget. Mr. Keiser asked why an Engineering Committee meeting is necessary to resolve the situation. He suggested that that LTPA and Mr. Schilling meet the next morning and if there are any issues they can call him. Mr. Keiser asked if the Commissioner's were authorizing the additional inspection fees. Chairman Rattner said that Mr. Purcell should submit the additional expenses for review, as Mr. Schwab had requested earlier, and Mr. Schwab will evaluate the costs.

Lastly, Mr. Purcell also noted that LTPA is available to assist the MSA in developing an Asset Management Plan.

The Engineer's Report was accepted on a motion offered by Mr. Hoyt, seconded by Mr. Pucilowski and the affirmative vote of members present.

Chairman Rattner discussed the 2013 year end transfers that the Director, Mr. Schilling, had requested. He asked if the Commissioners had reviewed the information Mr. Schilling had sent out earlier that day. One of the requested items would have to be sent to the State for budget amendment approval and a resolution would have to be approved at next month's meeting. The MSA Accountant would be preparing the resolution and information to send to the State for the amendment to the budget. Mr. Schwab made a motion to approve the MSA Accountant, V.M. Associates, to prepare the necessary documentation to send to the State for the budget amendment to Administrative Salaries and Wages, seconded by Mr. Benson and the affirmative vote of members present. Mr. Schwab made a motion to approve the transfers all from expense code B-16, Electric. The transfers were to be \$3,400.00 to expense code B-3, Legal; \$7,000.00 to expense code B-4, Audit; and \$8,500.00 to expense code B-5, Engineering, seconded by Mrs. Michetti and the affirmative vote of members present.

Chairman Rattner noted that the Ferric Chloride contract with Kemira Water Solutions would actually be a little lower this year and then go up next year in 2015.

Resolution No. 13-29 Awarding Contract No. FC14 for Ferric Chloride to Kemira Water Solutions, Inc., was moved by Mr. Pucilowski, seconded by Mr. Grogan and the affirmative roll call vote of members present.

RESOLUTION NO. 13-29

Resolution of the Musconetcong Sewerage Authority Awarding Contract No. FC14 for Ferric Chloride to Kemira Water Solutions, Inc.

WHEREAS, on October 10, 2013, the Musconetcong Sewerage Authority received the following bids for ferric chloride:

<u>Contractor</u>	Bid Amount	Bid Amount
	<u>1/1/14 to 12/31/14</u>	<u>1/1/15 to 12/31/15</u>
George S. Coyne Chemical Co., Inc.	\$1.218 per gallon	\$1.276 per gallon
Kemira Water Solutions, Inc.	\$1.19 per gallon	\$1.22 per gallon

WHEREAS, the Commissioners of the Musconetcong Sewerage Authority hereby make the following findings of fact:

1. Kemira Water Solutions, Inc., submitted the lowest bid for the contract which bid is in the amount of \$1.19 per gallon for the one year period from 1/1/2014 to 12/31/2014, and \$1.22 per gallon for the one year period from 1/1/2015 to 12/31/2015.
2. The bid of Kemira Water Solutions, Inc., is a conforming bid in that it complied with all of the requirements of the Notice to Bidders and submitted all of the required documentation.
3. It is advantageous for the Musconetcong Sewerage Authority to accept the bid for a two year term since the second year does not represent an increase in price over the amount currently being paid by the Authority, and it is prudent to accept a bid which will retain pricing through 2015.

NOW, THEREFORE, BE IT RESOLVED, by the Commissioners of the Musconetcong Sewerage Authority that Contract FC14 for ferric chloride is hereby awarded to Kemira Water Solutions, Inc., for their bid of \$1.19 per gallon for the period from 1/1/2014 to 12/31/2014 and \$1.22 per gallon for the period from 1/1/2015 to 12/31/2015.

Chairman Rattner discussed the specific goals for the 2014 budget along with items and situations that the Authority should be prepared to handle and anticipate. He also noted that the debt payments were going down and that would create a sharp reduction in the budget. He reiterated to the Commissioners that they had discussions over the past years, that as the debt was going down, the Authority was going to try and build up the Renewal and Replacement Account and also put funds into the Capital Account, so that projects that were needed, or emergency projects that may arise, could be funded if needed. He explained that the towns need the budget to stay more level for their budget purposes. He asked the Commissioners what they thought would be the appropriate level at this time for Renewal and Replacement and Capital Improvement. Chairman Rattner further explained that with the debt being paid off it would affect Netcong and Stanhope because they were not part of the 1A Project for that debt and that raising the operating expenses by increasing the Renewal and Replacement and Capital Improvement accounts could cause up to a 15% increase in the rates to Netcong and Stanhope, which were the original municipalities to the MSA. He suggested that the increase should be spread over the next three to four years so it would reduce the cost to the towns. Chairman Rattner also expressed some concerns for the permit compliance funds. He did not recommend approving the budget as it was presented. The Commissioners discussed the information and facts that were presented by Chairman Rattner and his suggestions. They discussed and considered a five year capital plan. There was further discussion about increasing the Permit Compliance Account. Chairman Rattner suggested changing the budget numbers as

discussed and sending them to V.M. Associates to prepare and present the budget with the new allocations. Any commissioner or municipality that does not agree with the amendments can request a special meeting and ask for a re-evaluation before November 1, 2013. The commissioners decided to increase the Permit Compliance Account by \$50,000.00, increase Capital Improvement by \$150,000.00, and increase Renewal and Replacement by \$100,000.00. Chairman Rattner stated that this would still be a net reduction of the budget of \$750,000.00.

Resolution No. 13-30 Approving the Budget for 2014, was moved by Mr. Pucilowski, seconded by Mr. Keiser. Chairman Rattner made a motion to amend Resolution No. 13-30 to increase the Permit Compliance Account by \$50,000.00 to a total of \$150,000.00, to increase the Capital Improvement Account by \$150,000.00 to a total of \$300,000.00, and to increase the Renewal and Replacement Account by \$100,000.00 to a total of \$200,000.00; and whereas, any individual commissioner can request a special meeting for reconsideration if the final budget does not meet their town's approval, seconded by Mr. Schwab and the affirmative roll call vote of members present. The commissioner's discussed the time frame for requesting a special meeting and that it should be done as soon as possible.

RESOLUTION NO. 13-30

AUTHORITY BUDGET MUSCONETCONG SEWERAGE AUTHORITY FISCAL YEAR: from Jan. 1, 2014 to Dec. 31, 2014

WHEREAS, the Annual Budget and Capital Budget for the Musconetcong Sewerage Authority for the fiscal year beginning January 1, 2014 and ending December 31, 2014 has been presented before the governing body of the Musconetcong Sewerage Authority at its open public meeting of October 24, 2013; and

WHEREAS, the Annual Budget as introduced reflects Total Revenues of \$4,114,099.00, Total Appropriations including any Accumulated Deficit if any, of \$4,114,099, and Total Unrestricted Net Assets utilized of \$0.00; and

WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of \$190,000.00 and Total Unrestricted Net Assets planned to be utilized as funding thereof, of \$0.00; and

WHEREAS, the schedule of rates, fees, and other charges in effect will produce sufficient revenues, together with all other anticipated revenues to satisfy all obligations to the holders of bonds of the Authority, to meet operating expenses, capital outlays, debt service requirements, and to provide for such reserves, all as may be required by law, regulation or terms of contracts and agreements; and

WHEREAS, the Capital Budget/Program, pursuant to N.J.A.C. 5:31-2, does not confer any authorization to raise or expend funds; rather it is a document to be used as part of the said Authority's planning and management objectives. Specific authorization to expend funds for the purposes described in this section of the budget, must be granted elsewhere; by bond resolution, by a project financing agreement, by resolution appropriating funds from the Renewal and Replacement Reserve or other means provided by law.

NOW, THEREFORE BE IT RESOLVED, by the governing body of the Musconetcong Sewerage Authority at an open public meeting held on October 24, 2013 that the Annual Budget, including Supplemental Schedules, and the Capital Budget/Program of the Musconetcong Sewerage Authority for the fiscal year beginning January 1, 2014 and ending December 31, 2014 is hereby approved with the following amendments:

- (i) Line Item B-23 "Permit/Compliance Fees" to be increased from \$100,000 to \$150,000;
 - (ii) Line Item B-29 "Capital Improvements" to be increased from \$150,000 to \$300,000;
 - (iii) Line Item B-30 "Renewal and Replacement" to be increased from \$100,000 to \$200,000;
- and

BE IT FURTHER RESOLVED, that in the event any of the member municipalities shall, through their Commissioner, request a special meeting to review these amendments then such special meeting shall be scheduled prior to forwarding the budget to the Division of Local Government Services; and

BE IT FURTHER RESOLVED, that the anticipated revenues as reflected in the Annual Budget are of sufficient amount to meet all proposed expenditures/expenses and all covenants, terms and provisions as stipulated in the said Authority's outstanding debt obligations, capital lease arrangements, service contracts, and other pledged agreements; and

BE IT FURTHER RESOLVED, that the governing body of the Musconetcong Sewerage Authority will consider the Annual Budget and Capital Budget/Program for adoption on December 19, 2013.

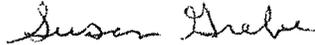
The Commissioners discussed a History of the MSA booklet that was prepared by LTPA. The history book is very large and voluminous, but also very important to have for the Authority's files and records. Presently, Patrick Dwyer, Esq. office has the only copy. Mr. Schwartz made a motion that Patrick Dwyer's Esq. office scan the book and copy to disks for the Commissioner's use and review for a fee not to exceed \$350.00, seconded by Mr. Benson and the affirmative vote of members present.

The Commissioner's reviewed Mr. Schilling's Mission Statement to be posted on the MSA website to be in compliance with State regulation. A motion was made by Mr. Pucilowski to authorize Mr. Schilling to post the Mission Statement as presented to the website, seconded by Mrs. Michetti and the affirmative vote of members present.

Mr. Schwab discussed the Cintas First Aid charges. Chairman Rattner said he had discussed the charges with MSA Qualified Purchasing Agent, Mr. Joss, who advised that the charges were high, and from his past experience with the same vendor in Netcong, he advised that some of the items can be purchased elsewhere for far less money. Mr. Schilling explained that Cintas First Aid also provides free inspections and monthly reports for the AED unit, along with CPR and first aid requirements for all employees. Mr. Schilling noted that these products should be supplied to employees since the plant is considered a high hazard industry. He also said that he can justify supplying a lot of the products and medicines that are provided by Cintas First Aid, except for cough drops and a few other items. Chairman Rattner noted that last month's bill from Cintas First Aid came to \$16.00 per employee. Mr. Schilling said he has reduced the cost by eliminating certain products and obtained a 5% reduction on all products. He believed that there are a lot of valuable services provided through Cintas First Aid. It was decided that Mr. Schilling would continue to monitor the services and fees provided by Cintas First Aid.

Motion made by Mr. Schwab, seconded by Mr. Phil and the affirmative roll call vote of members present, Chairman Rattner adjourned the meeting at 9:40 PM.

Respectfully Submitted:



Susan Grebe,
Administrative Assistant