

THE LINDEN ROSELLE SEWERAGE AUTHORITY

The minutes of the regular meeting held on Tuesday, June 21, 2016 at 12:00 P.M. in the office of the Linden Roselle Sewerage Authority.

Chairman Koczur announced that the Public Notice of time and date of the Public Meeting has been duly executed in accordance with the Open Public Meeting Act, P.L., 1975, Ch. 231, notification being mailed 12/31/15 to the Local Source, Star Ledger, Home News Tribune, and to the municipal clerks of Linden and Roselle for posting in a public place.

Present: Frank Koczur, Chairman; John Sheehy, Vice Chairman; Robert Sadowski, Secretary; Edward Mikolajczyk, Treasurer; George Vircik, Alternate Member;

Absent: Yves Aubourg, Alternate;

Attending: Gary G. Fare, Executive Director; Richard Rudin, Board Attorney; Jessica Kretch, CDM Smith; Robert Butvilla, Suplee, Clooney & Company; Karen Musialowicz, Finance Manager.

MOTION: Upon motion of Mr. Sheehy, and seconded by Mr. Sadowski, the Board unanimously approved the Agenda set for below.

MOTION: Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously approved the minutes of the May 25, 2016 Executive Session. Mr. Sheehy abstained due to absence.

MOTION: Upon motion of Mr. Sadowski, and seconded by Mr. Mikolajczyk, the Board unanimously approved the minutes of the May 25, 2016 Regular Board Monthly Meeting. Mr. Sheehy again abstained due to absence.

Treasurer's report accepted as read.

BUSINESS AGENDA

Review of 2015 Audit Report

The Executive Director introduced Robert Butvilla, CPA from Suplee, Clooney & Company as he will review the Authority's 2015 Audit Report. Also present is Authority's Finance Manager Karen Musialowicz to entertain any questions as well. The Executive Director stated that this is a Draft Audit Report and the Board has 30 days to review this report. The Board will then be required to pass a resolution certifying acceptance of the report at the July 27, 2016 Board Meeting.

Mr. Butvilla highlighted the 2015 Authority's Audit report also, the Auditor's opinion which is "Unmodified Financial Statement".

Mr. Butvilla stated that at the end of the year the Authority is in a good financial position, and had a surplus of 1.3 million which part of that was the implementation of the capacity fee for the first time and generated about \$277,000.

BUSINESS AGENDA

Review of 2015 Audit Report (continued)

Mr. Butvilla stated that there is a new accounting requirement this year which is reflected for the first time and applies to the State and all the Governmental Entities including Authorities to disclose the unfunded pension liabilities that belongs to the Authority. Although the Authority is not responsible for making pension payments to employees when they retire, GASB 68 dictates that the pro-rata share represented by Authority employees participating in PERS be reported in the audited financial statements to promote better financial clarity. Authority's net pension liability is \$8,730,608, which is shown within long-term liabilities. Mr. Butvilla further stated that there are in the report a series of footnotes which explained the pension plan accounting in greater detail, also he said that was the reason for the delay of the report.

Mr. Butvilla stated that there are no general comments, no recommendations, no dispute or problems, no issues and further said that the staff does a good job of record keeping and books. Mr. Butvilla also said that Karen Musialowicz, Finance Manager was able to resolve the reconciliation issues from previous years between the Linden City Hall, Tax Collector records of account receivable and LRSA books, and they are in good order this year.

At this time Mr. Butvilla thanked the Board for the opportunity and asked for any comments and or any questions. There were no questions.

The Executive Director said that the Audit went well, the team from Suplee, Clooney & Company did a great job along with Karen Musialowicz and Staff.

The Executive Director continued saying that as was mentioned above the Authority has a surplus in 2015 over \$1 million; due to expenditures were under budget as expected, and revenues exceeded budget projections as water consumption by the Major Users were higher than expected. Also PSE&G increased Wastewater Reuse, which reached the Tier II billing level, and the introduction of Capacity Fee billing to the Major B Users.

The Executive Director presented a detailed breakdown which he referred to page 41&42 Schedule 2, Sheet 1&2. The results of the 2015 fiscal year audit have yielded the Authority surplus in the amount of \$1,065,000, also the use of 600K had been built into the budget, which has now been recouped, plus an additional 400K. The Executive Director referred to page 42, which he said that there are two actuals; one is for 2014 and one 2015, which shows that the Authority spent less money to run this facility in 2015 than in 2014. Further the Executive Director stated that it would be prudent of the Authority once again to designate more of surplus for specific purposes. There are several possibilities like increase the funds to Authority's Renewal & Replacement Fund for infrastructure work that will be needed; continue to replenish the Rate Stabilization Fund that was established last year; or consider establishing a new Fund that could only be used for a specific purpose such as Retiree Benefits, as expenses are expected to increase over the next several years.

The Executive Director further stated that at the next month's meeting there will be a resolution accepting audit report and another resolution to determine where and how the surplus money should be distributed.

In conclusion the Executive Director said that it was good audit and both parties the Auditors and Authority worked well together.

Mr. Butvilla thanked the Board and left the meeting along with Karen Musialowicz.

Jessica Kretch left the board room due to executive session.

EXECUTIVE SESSION

MOTION: Upon motion of Mr. Sheehy, seconded by Mr. Sadowski, the Board unanimously approved the Resolution to hold an Executive Session to discuss "Personnel Matters" and any other matters as may come before the Members.
(At 12:16 P.M., Resolution #06E-16 attached).

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk, the Executive Session was closed 12:39 P.M. and the regular business meeting resumed.

The regular business meeting resumed; Jessica Kretch, CDM Smith rejoined the meeting.

The following action have to be taken by Motion:

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk, the Board unanimously approved recommendation of New Jersey Manufacturers Workers Compensation to settle a worker comp case with Authority's employee due to a job related injury to the knee in 2014 for the amount of \$12,118.50.

MOTION: Upon motion of Mr. Sheehy, seconded by Mr. Sadowski, the Board unanimously approved recommendation of Personnel Committee the 2016, 2017, 2018 salary increases for Non-Union Employees as specified in the Resolution #31-16, which is attached.

EXECUTIVE DIRECTOR'S REPORT

Unitex

Unitex Company was granted a temporary Certificate of Occupancy by the City of Linden and has commenced operation.

Follow-up

The Executive Director stated that at the May Board meeting it was approved to extend the polymer contract to Polydyne for a one year period. This recommendation was made since it was not practical for trial testing because it would not be representative of the normal operation since one digester is out of service for maintenance. At that time Board Member George Vircik asked the question of how many bidders were there when the original contract was awarded to Polydyne. The Executive Director stated that there were two bidders, Polydyne and Coyne Chemical with the difference in price of 0.14 cents per pound.

Main Street Pump Station Project

This project is still in the design phase, approximately 70% complete and the Authority requested State determination on some coastal permits. The State has confirmed CDM's assessment that these permits will not be required. The Executive Director stated that he will keep the Board updated on the progress of this project.

Glatfelter Insurance

The Authority insurance provider Glatfelter Insurance Group, conducted a Risk Review visit on May 11, 2016. This was follow up with a report as reflected in Ref. Material #5, which they cited several recommendations, most of which are valid, such as installation of flood control windows, doors and check valves to minimize damage from flood events such as Sandy. The Executive Director is recommending to combine these items, along with several other areas of the plant that require additional protection, such as our Main Disconnect Switch Building and a couple of transformers into one overall project to be referred to as the Flood Mitigation Project. The Executive Director continued and stated that a mini study would be necessary to identify the project scope and provide a cost estimate. The study's cost should not exceed \$12,000. The Executive Director recommends that a contract be awarded to CDM Smith to conduct this study rather than issuing an RFP at this time

EXECUTIVE DIRECTOR'S REPORT (continued)

to all or some of the qualified engineering firms, however this decision is at the discretion of the Board. Once the mini study is conducted, the Authority will then need to solicit a proposal from all or some of the Authority's qualified engineering firms to provide design services in order to eventually go out to bid and award a contract to a general contractor. The Executive Director stated that at this time there are funds available in our Renewal and Replacement account to authorize this project. However, after mini study is completed, the Executive Director will have more definitive numbers before the Authority moves forward.

MOTION: Upon motion of Mr. Mikolajczyk, seconded by Mr. Sheehy, the Board unanimously approved as recommended by the Executive Director to obtain proposal from CDM Smith for a mini study of the Flood Mitigation Project.

HIGHLIGHTING DEPARTMENTS

Operations Department

➤ **Plant Performance**

The plant operated well during the month of May 2016, meeting all permit limits. Clarifier #1 was taken out of service for maintenance.

Maintenance Department

➤ **Corrective Repairs and Replacements**

As follows: changed out suction spool piece for I-5 pump; repair conduits feeding street lights at aeration tanks; installed rebuilt rotating element in F-1 dewatering pump; serviced lab hood exhaust blowers; replaced permanganate pump in the Gravity Belt Building; repaired electrical problem on hoist at the UV Building; diesel generators serviced by Foley Power Systems; replaced exhaust fan and ducting in vent chamber exhaust. Also, the annual inspection for the Waste Gas Flares was conducted by the Groth Corp. on May 17, 2016.

Monitoring Department

➤ **Rainfall** - May 2016 rainfall was 3.57 inches. Year to date rainfall is 11.05 inches, compared to 11.02 inches same last year.

➤ **IPP Program**

◆ **Linden Bulk Transportation** - Linden Bulk has advised the Authority of a potential ownership change.

◆ **Inspections** - Eight of the thirteen annual major IPP inspections were completed.

◆ **City of Linden Landfill** - The City submitted a report on the capital and annual costs to treat their leachate for PCB's. The Authority accepted this report and has been advised by the City since the costs are extremely high, the City at this time will not proceed any further. However, the Authority may need to revisit this matter if NJDEP determines limits will be imposed upon the Authority in its discharge limits.

◆ **Potential New Customer** - During the month, the Executive Director and Authority's Staff met with Allen Contracting and their Consultant T&M to discuss the development of a property adjacent to Linden Bulk, where a 150,000 square foot warehouse will be built for a truck terminal. The property has to be prepared by filling the wetland from sea level to 6 feet. Because there is no active sanitary sewer to transport the estimated 3,000 gpd of sanitary wastewater, the developer is exploring connecting to the old Cynamid line or build their own line. This project will not generate that much revenue for the Authority, but it is good for tax revenue for the City.

Monitoring Department (continued)

➤ **Safety Issues**

- ◆ Confined Space Training was conducted during the month.
- ◆ The Right to Know survey was submitted to the State prior to the June 15th due date.
- ◆ Fire Extinguisher Training for the Laboratory Personnel was conducted.

➤ **Laboratory**

Laboratory Supervisor, Kaitlyn Fare attended a seminar in preparation for an audit of the Laboratory Certification Program scheduled by NJDEP for July 26-27, 2016 and reported that there were some discrepancies between the lab's written quality control procedures as outlined in the Standard Operating Procedures (SOP's) and what was actually being performed for each of the certified parameters. The SOP's were updated in 2013 in order to comply with the EPA Method Update Rule MUR, which made significant changes to the quality control requirements. As a result of this concern, a conference call was held between the NJDEP Office of Quality Assurance with the Executive Director, Judy Spadone and Kaitlyn Fare to represent the Authority in order to determine if the Lab Supervisor's interpretation was in fact correct. Authority received a written confirmation of their verbal assessment of that conference call, which stated that the Authority did not follow what was required for the quality control procedures during the past 3 years. It is anticipated that in the upcoming lab audit, a citation will be issued for this deficiency. With the NJDEP's confirmation of the required procedures, Kaitlyn Fare has implemented the necessary changes as of June 1st, 2016.

➤ **Air Program – 2015 Air Emission Statement**

The report was filed by the June 15, 2016 due date. The 2015 emissions were similar to 2014, except for a few of the organic pollutants.

➤ **NJPDES Permit**

- ✓ **Residual General Permit** – NJDEP issued a pre-draft of the Residual General Permit, which expires 12/31/16. The permittees have an opportunity to review the permit conditions before it is officially posted for public review. The permit has been reviewed by the staff. Based on the summary of changes to the General Permit, it does not appear that Authority will have to make any major modifications to its Residual Management Program or reporting procedures. When the official draft permit is issued, another review will be conducted.
- ✓ **Backflow Prevention Devices** – The Authority registered the four backflow prevention devices with the City of Linden. Two of the devices are at the treatment plant and each of the two pump stations has a device.

Business Department

➤ **Expenditure Report**

The Authority's fourth month of the expenditures for 2016 indicating the expenditures are at a level of 44% at 42% of the fiscal year. The Authority is slightly over the budget at this time. This is not due to over expenditures, but is caused by early expenditures, such as insurance and pension payments

➤ **Revenue Report**

The Authority's loading data for the first four months of 2016 from class A&B users is down, especially since Public Service has been down for their annual maintenance activities during the first two months of the year. However, the loadings have come up since last month.

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No questions of the Executive Director's Report.

BIDS AND PURCHASES

Recommendation to Award a contract to Furnish and Deliver Liquid Sodium Permanganate

Bid specifications were developed to Furnish and Deliver 1,580 gallons of Liquid Sodium Permanganate to the Authority for a one year contract period. Specifications were requested by five firms. Bids were publicly opened on June 16, 2016. Two bids were received. The lowest bid was submitted by George S. Coyne Chemical Co., however it was determined that the product they proposed to supply is manufactured in China. According to the New Jersey Public contracts Law, only manufactured and farm products of the United States, whenever available, shall be used. Therefore, the bid of George S. Coyne Chemical Co. must be considered non-responsive. The bid submission of Univar USA Inc., whose proposed product is manufactured in Illinois, was determined to be responsive in all respects. The Executive Director and Staff are recommending that the Board award a contract to Univar USA Inc., in the amount of \$34,839.00 to furnish and deliver 1,580 gallons of liquid sodium permanganate at a price of \$22.05 per gallon for a one year period. (Resolution #32-16 attached)

MOTION: Upon motion of Mr. Sheehy, seconded by Mr. Sadowski, the Board unanimously approved Resolution Awarding a Contract to Furnish and Deliver 1,580 gallons of Liquid Sodium Permanganate to Univar USA Inc. at a price of \$22.05 per gallon on its bid of \$34,839.00 for a one year period. (Resolution #32-16 attached)

ENGINEERS REPORT

No question of the Engineers Report.

PUBLIC COMMENT

No one from public was present.

BILLS AND CLAIMS

Certification and recommendation received from the Executive Director, Purchasing/Contract Manager, and Financial Manager.

Operating Fund

MOTION: Upon motion of Mr. Vircik, seconded by Mr. Sadowski, the Board unanimously approved payment of the Operating Bills in the amount of \$449,029.33 (Resolution attached).

Mr. Vircik asked if there is anything new with the bridge. The Executive Director said that he has not heard anything as well.

ADJOURNMENT

MOTION: Upon motion of Mr. Mikolajczyk, seconded by Mr. Sheehy, the meeting was adjourned at 1:10 P.M. and it was ordered that the next monthly meeting of the LRSA be held on Wednesday, July 27, 2016 at 12:00 P.M. in the office of the Authority.