

THE LINDEN ROSELLE SEWERAGE AUTHORITY

The minutes of the regular meeting held on Wednesday, March 28, 2018 at 12:00 P.M. in the office of the Linden Roselle Sewerage Authority.

Chairman Vircik 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 12/29/17 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: George Vircik, Chairman; Robert Sadowski, Vice-Chairman; Edward Mikolajczyk, Treasurer; Jamel Holley, Member; Emerito Ruiz, Alternate Member;

Absent: Reginald Atkins, Alternate Member;

Attending: David G. Brown, Executive Director; Jeffrey A. Williams, Superintendent; Richard Rudin & Louis Karp, Weiner Law Group Attorneys; Tom Laustsen & Tom Schevtchuk CDM Smith Co.; Representatives from Aries Clean Energy: Bob Burke, Jeff Snyder, Phil Gennarelli and Mark Witt.

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

MOTION: Upon motion of Mr. Sadowski, and seconded by Mr. Mikolajczyk, the Board unanimously approved the minutes of the February 28, 2018 Reorganizational Meeting.

MOTION: Upon motion of Mr. Sadowski, and seconded by Mr. Mikolajczyk the Board unanimously approved the minutes of the February 28, 2018 Regular Board Monthly Meeting.

MOTION: Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously accepted Treasury Report as read.

BUSINESS AGENDA

EXECUTIVE DIRECTOR'S REPORT

The Executive Director welcomed the visitors from Aries Clean Energy, as they introduced themselves. They are here today due to Aries upcoming project.

The Executive Director presented to the Board his monthly report (see attached report).

No questions of the Executive Director's report.

SUPERINTENDENT'S REPORT

Superintendent presented to the Board his monthly report (see attached report).

In addition to the report Superintendent added that BOD is causing a problem and in February due to the snow and 6.5 inches of rain the Authority has TSS exceedances which were reported to the Hot Line and followed up with letter to NJDEP.

No questions of the Superintendent's report.

BUSINESS AGENDA (continued)

Recommendation of Approval (MOU) Memorandum of Understanding for Aries project

The Executive Director stated that Aries Ventures Development, LLC desires to develop a gasification facility in the de-watering building located on premises owned by the Authority. Aries requires a grant of access from the Authority for the purpose of exercising due diligence as to the feasibility of constructing the Project and in entering into an Option Agreement with the Authority. Aries has proposed to enter a Use and Occupancy Agreement and enter into a Memorandum of Understanding (MOU) regarding the conditions on which it will obtain site access to the Building for its due diligence activities. At the request of the Authority, Aries has agreed to enter into an Escrow Agreement to pay for the services of the Authority's professionals in connection with the MOU. Mr. Rudin added that it is a precedent for the Board approving a Memorandum of Understanding and Escrow Agreement when a private party needs access to the site for the feasibility analysis. Therefore, the Executive Director and Staff are recommending that the Board approve and execute the Memorandum of Understanding and the Escrow Agreement. Furthermore the Executive Director is authorized to proceed in accordance with the provisions set forth in the Memorandum of Understanding and the Escrow Agreement.

MOTION: Upon motion of Mr. Holley, seconded by Mr. Sadowski, the Board unanimously approved Resolution to enter into a Memorandum of Understanding and Escrow Agreement with Aries Ventures Development, LLC. (Resolution #22-18 attached)

Issuance of an Industrial Discharge Permit Modification to Merck & Co.

Merck & Co., Inc. has requested a modification to their industrial discharge permit with LRSA. The modification was requested to increase their flow limit from 0.75 MGP to 0.90 MGP. This is to allow for operation fluctuation and upset conditions that were not accounted for in the previous permit modification. The draft permit was subject to 30-day public comment. The Authority has addressed any comments from the public as a result of such notice. Therefore the Executive Director and Staff are recommending that the Board adopt Discharge Permit Modification to Merck & Co. Inc., with effective date of April 1, 2018.

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Holley, the Board unanimously approved Resolution authorizing issuance of an Industrial Discharge Permit Modification be scheduled to take effect April 1, 2018 to Merck & Co., Inc. (Resolution #23-18 attached).

BIDS AND PURCHASES

Authorizing purchase of a new vehicle from ESCNJ 2018 Chevrolet Silverado Truck

It has been determined that the Authority is in need to replace the 1996 Dodge Dakota truck that is currently in service and is in extremely poor condition. Therefore the Authority desires to purchase one (1) new 2018 Chevrolet Silverado truck from authorized vendor under the Educational Services Commission of New Jersey Cooperative Pricing System. The Executive Director and Staff are recommending that the Board authorize purchase one (1) new 2018 Chevrolet Silverado truck from Mall Chevrolet, 75 Haddonfield Road, Cherry Hill, NJ from the ESCNJ Cooperative Pricing System for an amount not to exceed \$34,330.79, which includes a heavy duty steel snow plow.

MOTION: Upon motion of Mr. Holley, seconded by Mr. Mikolajczyk, the Board unanimously approved Resolution authorizing purchase one (1) new 2018 Chevrolet Silverado truck from an authorized vendor under the Educational Services Commission of New Jersey Cooperative Pricing System as it is in the best interest of the Authority for an amount not to exceed \$34,330.79 (Resolution #24-18 attached)

BIDS AND PURCHASES (continued)

Recommendation to award Annual Insurance Package

Pursuant to a fair and open process in accordance with N.J.S.A. Acrisure, LLC was awarded a contract to provide Insurance Brokerage and Consultant Services to the Authority, and has submitted proposals and recommendations for insurance coverage for the Authority's exposures commencing April 1, 2018. Based on the Broker's recommendation the most favorable was American Alternative for General Liability, Automobile Liability and Property Damage; New Jersey Manufacturer Co., for Workers Compensation and Willis of New Jersey, Inc. for a Bond covering the Treasurer.

Therefore the Executive Director is recommending the award of the following contracts for the period April 1, 2018 through March 31, 2019 to:

1. Acrisure, LLC in the amount of \$239,930.83 for Authority's coverage including; General Liability, Automobile Liability and Physical Damage.
2. New Jersey Manufacturers Insurance Company in the amount of \$152,147 for Workers Compensation Liability.
3. Willis of New Jersey, Inc. in the amount of \$321.00 for one individual Bond.

The Executive Director stated that the Workers Compensation amount is much higher than last year due to one claim of \$100,000, which is still currently open.

MOTION: Upon motion of Mr. Mikolajczyk, seconded by Mr. Sadowski, the Board unanimously approved Resolution awarding Annual Insurance Contracts to Acrisure, LLC, New Jersey Manufacturers Insurance Co. and Willis of New Jersey, Inc. in a total amount of \$392,398.83 for the period April 1, 2018 through March 31, 2019 as presented. (Resolution #25-18 attached).

Award Contract for Engineering Services for Study of Building Improvements Project Phase V

The Authority has determined that various structural improvements need to be made to multiple structures and buildings that are currently leaking or exhibiting signs of deterioration on their exterior facade. The need for these improvements was identified in the Annual Plant Inspection that was conducted by CDM Smith in 2017. Pursuant to the fair and open process, the Authority solicited proposals and by resolution at its February 2018 Reorganizational Meeting qualified and approved engineering firms to provide consulting services by separate resolution approving each individual specific contract to be considered by the Members of the Authority. The Authority is in need to retain the services of a Consulting Engineer to provide a Study/Planning Document for the Building Improvements project Phase V. The Authority requested and received a cost proposal from T&M Associates to perform this service. The Executive Director and Superintendent have reviewed and evaluated the proposal and have made recommendation that the best interests of the Authority are served by the selection of T&M Associates to provide the engineering services in the amount of not to exceed \$61,400.

MOTION: Upon motion of Mr. Holley, seconded by Mr. Sadowski, the Board unanimously approved Resolution authorizing award of contract for Engineering Services for Study Phase of Building Improvements Project Phase V to T&M Associates to perform this service in the amount of not to exceed \$61,400. (Resolution #26-18 attached)

BIDS AND PURCHASES (continued)

Mr. Holley stepped out from the meeting.

Authorizing Credit Change Order #2 to Main St. Pump Station Improvements Project

A Contact was awarded to Coppola Services, Inc. by Resolution #30-17 for Construction Services for the Main Street Pumping Station Improvements Project in the amount of \$680,392.00. By Resolution #50-17, the Members authorized Change Order No.1 for a contact increase in the amount of \$32,025.50, resulting in a total contract amount of \$712,417.50. In CDM Smith's memorandum dated March 23, 2018 the Authority's Consulting Engineer recommended a Credit Change Order in the amount of \$35,000. This Change Order consists of a credit for the allowances that were included in the Bid Form in the amount of \$35,000 to address unforeseen issues that did not need to be utilized, thereby decreasing the total Contract amount to \$677,417.50. Therefore, the Executive Director is recommending Credit Change Order #2.

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Ruiz, the Board unanimously approved Resolution authorizing Credit Change Order #2 for Construction Services for the Main Street Pumping Station Improvements Project in the amount of \$35,000, bringing the total Contract amount to \$677,417.50 (Resolution #27-18 attached)

BUSINESS AGENDA (continued)

Linden Property Holdings LLC – request to transfer Industrial User Discharge Permit #49 to PRII/GAR Tremley Property Two and Three LLC

The Executive Director stated that Linden Property Holdings, LLC had verbally notified Authority of a pending change in ownership of their facility and at this time asking Board to approve this name change with the stipulation administratively to hold it, due to some outstanding funds from Linden Property Holdings, as there are due back to the Authority.

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Ruiz, the Board unanimously approved subject to change/transfer name from Linden Property Holdings to PRII/GAR Tremley Property Two and Three LLC, with the stipulation administratively to hold it, due to some outstanding funds from Linden Property Holdings, as there are due back to the Authority.

Mr. Holley rejoined the meeting.

LRSA Flood Mitigation Study conducted by CDM Smith

Tom Laustsen presented to the Board the Authority's Flood Mitigation Evaluation Report, which is included in a lengthy "Technical Memorandum" revised January 24, 2018. Tom stated that CDM Smith has performed a Flood Mitigation Evaluation of various aspects of the LRSA wastewater treatment facility. The goal of this evaluation is to reduce damage to the facility during future storm events. Authority's Insurance Company Glatfelter performed a site inspection to assess the risks at Authority. CDM Smith also performed a site walkthrough with Authority's Staff to identify additional areas for "hardening". During the review of the draft memorandum, Authority and CDM Smith identified additional electrical equipment for inclusion in the evaluation. The following summarizes areas for improvement as recommended by Glatfelter, Authority and CDM Smith for evaluation in an attached memorandum. In the memorandum there are "Pro" and "Con" also a 100 - year and 500 - year flood elevation. The cost of each alternative are summarized in the attached table (last pages of the memorandum), also the Authority may want to consider dividing the work into two separate contracts. Project 1 would be the Infrastructure work while Project 2 would be the work in replacing and raising the transformers. The costs of the two separate projects are also attached.

BUSINESS AGENDA (continued)

Presentation of the User Charge System Biennial Review

Tom Laustsen introduced Tom Schevtchuk from CDM Smith, which has been doing the Biennial Review for over 30 years for the Authority. Tom Schevtchuk said that he'll briefly overview the User Charge System Biennial Review the purpose of it and findings. Tom stated that the User Charge System has two basic goals; to generate annual revenues sufficient to meet costs and reserve requirements and allocate the annual costs proportionately among the users. Authority has to comply with applicable Federal Grant Regulations and State regulatory requirements as a recipient of wastewater construction grant funding, therefore is required to do Biennial Review Report every three years or when major changes/upgrades occur to the plant performance to make sure that the sewer fees are being distributed to all Authority's users in a fair and equitable manner. Tom Schevtchuk prepared a detailed slide presentation of the attached 2017 User Charge Biennial Review so Board could have clear understanding what is entailed in regard to sewer rates. The last slide showed 2018 rate projection based on revised Biennial Review & Updated Major Class Flow and Loading Projection with the A, B or C option (attached).

Based on the "LRSA 2018 Rate Projections" chart the Executive Director is asking Board for guidance and approval to utilize surplus of \$500,000 to stabilize sewer rates for all user classes as the same surplus amount of \$500,000 was used last year, as well for the purpose of advertising of "Notice of Public Hearing" prior to April Board Meeting.

PUBLIC COMMENT

Aries representative thanked the Commissioner for the support working with them as a team.

ENGINEERS REPORT

There were no questions of the engineer.

Tom Laustsen and all Aries representatives left the meeting due to Executive Session.

EXECUTIVE SESSION

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk 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 1:10 P.M., Resolution #03E-18 attached).

MOTION: Upon motion of Mr. Mikolajczyk, seconded by Mr. Sadowski, the Executive Session was closed 1:16 P.M. and the regular business meeting resumed.

Meeting open to the public. Tom Laustsen joined the meeting.

The following actions has to be taken by Motion:

MOTION: Upon motion of Mr. Mikolajczyk, seconded by Mr. Sadowski, the Board unanimously approved recommendation of the Executive Director and Staff to promote Nicholas Zennario to Shift Supervisor at a salary of \$67,643 with a 90 - day probation period.

The following actions has to be taken by Motion (continued):

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk, the Board unanimously approved recommendation of the Executive Director and Staff to bring the Non-union Employees benefits in line with the recently approved collective Bargaining Agreement for the Union Employees: a) to promote safety employees will be reimbursed up to \$75.00 for the purchase of prescription safety glasses; b) to promote safety employees will be reimbursed up to \$90.00 for the purchase of safety shoes; c) an employee may use 2 days of his/her annually allotted sick days for family illness; d) a prescription fund shall be created in the amount of \$3,000 per year and will be retroactively administered for the 2016 and 2017 calendar years.

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Holley, the Board unanimously approved recommendation of the Executive Director that the Authority uses the current IRS business mileage rate (54.5 cents a mile) to reimburse an employee for business use of a personal vehicle.

BILLS AND CLAIMS

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

Operating Fund

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Holley, the Board unanimously approved payment of the Operating Bills in the amount of \$1,172,109.13 (Resolution attached). Mr. Mikolajczyk abstained due to a conflict of interest.

Renewal and Replacement Fund

MOTION: Upon motion of Mr. Holley, seconded by Mr. Sadowski the Board unanimously approved payment of the Renewal and Replacement Bills in the amount of \$50,750.50 (Resolution attached).

ADJOURNMENT

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk, the meeting was adjourned at 1:30 P.M. and it was ordered that the monthly Board Meeting of the LRSA be held on Wednesday, **April 25, 2018 at 12:00 P.M.** in the office of the Authority.