

## THE LINDEN ROSELLE SEWERAGE AUTHORITY

The minutes of the regular meeting held on Wednesday, March 23, 2016 at 12:00 P.M. in the office of the Linden Roselle Sewerage Authority.

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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.

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

**Attending:** Gary G. Fare, Executive Director; Richard Rudin, Board Attorney; Tom Laustsen, CDM Smith;

**MOTION:** Upon motion of Mr. Sadowski, and seconded by Mr. Sheehy, the Board unanimously approved the minutes of the February 24, 2016 Reorganizational Meeting.

**MOTION:** Upon motion of Mr. Sadowski, and seconded by Mr. Sheehy, the Board unanimously approved the minutes of the February 24, 2016 Executive Session.

**MOTION:** Upon motion of Mr. Sadowski, and seconded by Mr. Sheehy, the Board unanimously approved the minutes of the February 24, 2016 Regular Board Monthly Meeting.  
Mr. Vircik abstained from voting on all of the above minutes.

Tom Laustsen left the board room due to executive session.

### EXECUTIVE SESSION

**MOTION:** Upon motion of Mr. Sadowski, seconded by Mr. Sheehy, 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 12:04 P.M., Resolution #03E-16 attached).

**MOTION:** Upon motion of Mr. Sheehy, seconded by Mr. Sadowski, the Executive Session was closed 12:35 P.M. and the regular business meeting resumed.

The regular business meeting resumed; Tom Laustsen rejoined the meeting.

Treasurer's report accepted as read.

March 23, 2016

The following action have to be taken by Motion:

**MOTION:** Upon motion of Mr. Sadowski, seconded by Mr. Sheehy, the Board unanimously approved recommendation of the Committee and Executive Director to hire Crystal Santiago to the position of Laboratory Technician at a starting salary as specified in the Union Contract of \$49,503.

**MOTION:** Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk, the Board unanimously approved recommendation of the Committee and Executive Director to hire Richard Guerra as a Shift Operator with S-1 License at a starting salary of \$42,319 as per Union Contract.

**ADVISEMENT:** Monitoring Supervisor, Meghan Heuser will be going on maternity leave from mid-June through mid-January. The Authority will need to fill this position on an interim basis.

The Executive Director is making a recommendation to hire Ronald Brant for the position of Skilled Laborer (recorded in public session including Exhibits).

**Chairman called for a vote and asked for a motion.**

**MOTION:** A motion was made by Mr. Sheehy to vote on Ronald Brant's hiring. Mr. Sadowski voted no.

Rich Rudin then interrupted the voting and stated that in his opinion there could be potential conflict of interest therefore the vote should be without Mr. Mikolajczyk, as one of the candidates for this position is Mr. Mikolajczyk's grandson. It means that the Alternate Member will have to vote it in replace of Mr. Mikolajczyk because of the family relationship.

**VOTE:** Mr. Sadowski - NO; Mr. Sheehy - NO; Mr. Aubourg - Yes; Mr. Koczur - Yes;  
**Mr. Rudin concluded that no decision was made - "Legal Deadlock" - Vote was 2-2.**

**MOTION:** A motion was made by Mr. Sadowski to hire Matthew Mikolajczyk for the position of Skilled Laborer. Chairman called for a roll call.

**VOTE:** Mr. Sadowski - Yes; Mr. Sheehy - Yes; Mr. Vircik - NO; Mr. Koczur - NO;  
**Mr. Rudin concluded that no decision was made - "Legal Deadlock" - Vote was 2-2.**

Mr. Rudin stated that the matter could be brought up again next month, as long as it is made by a motion.

## **BUSINESS AGENDA**

### **2016 Sewer Rates and Charges**

The Authority and the consulting Engineers, CDM Smith have reviewed the current methodology for distribution of costs between users of the Sewer System. The distribution of costs is based on the biennial review conducted in 2015 shifted the cost allocations as follows:

O&M Costs; previous - Flow 33%; BOD 29%; TSS 38%; and 2015 review showed Flow 35%; BOD 25%; TSS 40%. Capital & Debt Service Costs; previous - Flow 41%; BOD 37%; TSS 22%; and 2015 review showed Flow 50%; BOD 28%; TSS 22%.

The Executive Director stated that the next Biennial Review will be performed in 2017 for use in the 2018 rate setting.

The Executive Director said that the proposed rates for 2016 are shown on the Exhibits 4 and 5. The Executive Director continued referring the Board to Exhibit 4, which is divided into columns A & B. Column A displays \$600K of Surplus as approve at the October Board Meeting where the Authority adopted the 2016 Budget. LRSA objective was to have no residential rate increase for 2016 and close to no increase for all the other users.

**2016 Sewer Rates and Charges (continued)**

The Executive Director further stated that there are two factors have changed this forecast, first the 2016 industrial loading projections are slightly higher than they were in October 2015, and secondly the Authority has a new industrial user, Unitex, who was not part of the October projections. They have reduced the amount of Surplus required for the Authority to meet the objective of no rate increases for 2016. The changes are reflected in Column B, which the Surplus amount is \$452K rather than \$600K. This saves the Authority \$148K of surplus to be used at a later date.

The Executive Director further said that Exhibit 5 illustrates the Capacity Fee which was implemented in 2015 and it is worth noting that it generated \$277K of new revenue for the Authority for 2105. Even though the Exhibit shows capacity fee costs for Flow, BOD and TSS, a policy was made last year to only charge the flow capacity to the Class B Users. This decision was made because the Authority's Class A users already are charged premiums for BOD and TSS. In addition the Executive Director stated that the capacity fee is only charged to the B Users who do not meet 80% of their allocated flow limits. There are some additional facts that need to be highlighted in this rate calculation package, as follows: a) Exhibit 2 shows that over the past three years there have been very slight increases in rates to the Borough of Roselle, City of Linden and the Class A&B users, just averaging approximately 2% over the three year period; b) Table 1, as reported previously the Authority's debt service has decreased \$183K as the 1992 bonds and NJEIT loan are now repaid.

In the past the Authority's goal was to keep the debt service amount flat. However, in the upcoming few months the Authority will review whether there is a need to borrow funds from NJEIT.

The Executive Director further stated that the Board should feel confident that all efforts are being made to keep rates stabilized. Therefore, the Executive Director and Staff are recommending that the Board adopts the rates as proposed in Exhibit 4, Column B and Exhibit 5, Flow, which are very similar to the 2015 rates. Any unutilized budgeted Surplus will automatically return to 2016 year end Surplus and be available for future rate stabilization.

**MOTION:** Upon motion of Mr. Sheehy, seconded by Mr. Sadowski, the Board unanimously approved by Resolution adopting the 2016 Sewer Rates as presented. (Resolution #19-16 attached)

**Issuance of an Industrial Discharge Permit Modification to Linden Bulk Transportation Co., Inc.**

Linden Bulk Transportation Company, Inc. located in Linden operates a trucking service terminal which is used for the maintenance and washing of the tanker trucks. Wastewater is generated from the tanker washing activities, which is regulated under the federal Transportation Equipment Cleaning Rule (TEC) in addition to the LRSA Rules and Regulations. As provided for in the federal regulations, in lieu of meeting the federal categorical numerical standards, Linden Bulk has adopted a Pollution Management Plan. This plan addresses all associated waste generated at their facility, its use, treatment, disposal, and record keeping. Any waste that is non-compatible to LRSA is separated and disposed of off-site. The draft permit was subject to 30-day public comment. No comments were received. Therefore the Executive Director and Staff are recommending that the Board adopts Discharge Permit Modification to Linden Bulk Transportation Company, Inc. effective April 1, 2016.

**MOTION:** Upon motion of Mr. Sadowski, seconded by Mr. Sheehy, the Board unanimously approved Resolution authorizing issuance of an Industrial Discharge Permit Modification effective April 1, 2016 to Linden Bulk Transportation Company Inc. (Resolution #20-16 attached)

## **EXECUTIVE DIRECTOR'S REPORT**

### **New Customer**

As previously reported a new laundry company Unitex located at the former G.M. site will be commencing operation after the Authority issues them a permit. The Authority is currently reviewing their application and anticipate a draft permit for public notice mid-April with the adoption at the May Board Meeting. The Executive Director along with Staff will make all efforts to accommodate within reason. The Authority has issued them a temporary permit for the testing of the equipment.

### **Alaimo Group**

The Executive Director just advised the Board that Alaimo Group, which is a prequalified engineering firm, has sent the Authority a letter expressing interest in having opportunities to submit proposals for any upcoming work at the Authority.

## **HIGHLIGHTING DEPARTMENTS**

### **Operations Department**

#### ➤ **Plant Performance**

The plant operated well during the month of February 2016, meeting all permit limits.

### **Maintenance Department**

- **Corrective Repairs and Replacements** – repair exhaust fan on gravity dome; made connections to HPEW and Portable Water Lines in grit and primary basement; rebuilt K-4 sludge transfer pump; rebuilt circulating pump on Heat Exchanger #1; replaced digester mixer VFD drive #6.

### **Monitoring Department**

- **Rainfall** - February 2016 rainfall was 3.56 inches.
- **NJPDES Permit**
  - ◆ **Annual Grace Period Report** – This report was filed by the March 1, 2016 due date.
  - ◆ **Local Limits Evaluation** – NJDEP requested that LRSA revisit the local limits evaluation conducted in July 2015 because one of the NJPDES limits were not included, Mercury. The Executive Director stated that every 5 years the Authority has to do a local limits evaluation. The Authority submitted results of the NJPDES monitoring for the last three years to demonstrate consistent compliance. Therefore a local limit does not need to be developed.
  - ◆ **Acute Bioassay** – The result for the effluent bioassay conducted the week of February 8, 2016 was LC50=100%. Due to Authority's new NJPDES permit the monitoring frequency is changed from quarterly to twice a year. The next event will be conducted in July 2016.
- **IPP Program**
  - Safety Kleen PCB investigation** – At the Authority a meeting was held on February 25, 2016, Safety Kleen presented their position that the types of PCB congeners in their groundwater discharge are the least toxic of the 209 congeners. This argument, while it has some scientific validity, is not likely to be considered by EPA because all PCB congeners are classified as toxic and PCB's are regulated as a category, not by individual congeners. LRSA and Safety Kleen discussed an option of flushing the lines to eliminate any legacy contamination, and then re-sample for PCB's. Safety Kleen was given a deadline of March 30<sup>th</sup> to report their options to LRSA.

**Monitoring Department (continued)**

➤ **Laboratory**

NJDEP Office of Quality Assurance was notified that effective February 29, 2016 Kaitlyn Fare has replaced Jennifer Marques as the Laboratory Supervisor. The required forms and document of qualifications were submitted with the notification. The Annual Performance Study for the lab certification program commenced March 9 – April 22, 2016.

**Business Department**

➤ **Expenditure Report**

The Authority's second month of the expenditures for 2016 indicating the expenditures are at a level of 18% at 17% of the fiscal year.

➤ **2015 Audit**

Suplee Clooney, the Authority's auditors commenced the audit in early March and is scheduled to have it completed in late April.

**BIDS AND PURCHASES**

**Award of Construction Management Contract for the Renovation of Primary Clarifiers**

At the February Board meeting the Board authorized the Executive director to issue Request for Proposals for Renovation of Primary Clarifiers Sludge Collection System to CDM Smith, Hatch Mott MacDonald and T&M Associates. All three firms had been previously qualified through a fair and open process to provide these services to the Authority on an as needed basis. The proposal of CDM Smith was the lowest cost and meet all the submittal requirements. Therefore the Executive Director and Staff is recommending that the best interest of the Authority is in served by the selection of CDM Smith, to provide Construction Management services for a sum not to exceed \$17,445 for the Renovation of the Primary Clarifier Sludge Collection System.

**MOTION:** Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk, the Board unanimously approved Resolution awarding a contract for Renovation of the Primary Clarifier Sludge Collection System with CDM Smith to provide Construction Management services in the amount of not to exceed \$17,445. (Resolution attached #21-16)

**Recommendation to Award Contract for Removal, Transportation and Disposal of Grit and Screening**

Bid specifications were developed for the Removal, Transportation and Disposal of Grit and Screenings for a two year contract period, were publicly advertised and bid opening was held on March 15, 2016. Four proposals were submitted. The bid submission of Environmental Protection and Improvement Co., was the lowest bidder and determined to be both responsive and responsible. Therefore, the Executive Director and Staff are recommending awarding a two year contract for the Removal, Transportation and Disposal of Grit and Screenings to Environmental Protection & Improvement Co., in the sum of \$66,695.20 based on its bid of \$128.26 per ton.

**MOTION:** Upon motion of Mr. Mikolajczyk, seconded by Mr. Sheehy, the Board unanimously approved Resolution awarding a two year contract for Removal, Transportation and Disposal of Grit and Screening for a two year period with Environmental Protection & Improvement Company, LLC for the total contract amount of \$66,695.20 on its bid of \$128.26 per ton. (Resolution #22-16 attached)

**BIDS AND PURCHASES (continued)**

**Recommendation to award Annual Insurance Package**

Insurance Committee Meeting was held on March 15, 2016, which consist of Michael Hill, the Authority's Insurance Consultant, the Executive Director, Robert Sadowski, Edward Mikolajczyk and Mary Richers, Contract Manager. Mr. Hill presented the 2016/2017 Property & Casualty Insurance Program Report to the Insurance Committee. The Request for Proposals was distributed to eleven insurance entities but only four proposals were received. The Insurance handouts were distributed to the Board Members. At this point the Executive Director gave a brief summary of the insurance package.

The Authority was interested in two proposals; Wells Fargo as a current broker and the New Jersey Utility Authorities Joint Insurance Fund (NJUA JIF) called Joint Insurance, submitted via Balken Risk Management. Further the Executive Director overviewed the "Insurance Submittal Summary" page for 2016-2017 program cost between these two above brokers, also pros and cons. Authority requested coverage for flood insurance as both brokers did not included it in their initial proposals; both of them Wells Fargo and Joint Insurance have the same flood coverage limit of \$1 million along with \$500,000 deductible. The Executive Director reminded the Board that Authority has a self-insured fund for the deductible.

Authority has no prior experience with Joint Insurance (JIF) also another con is the Authority must enroll for 3 year term, which there is no guarantee with regard to annual percentage increase in premium for remaining 2 years, however the premium is lower by approximately \$20,000.00.

The Executive Director further continued that Authority has a positive prior history with Wells Fargo as a current provider, extremely satisfied with their responsiveness after Super Storm Sandy with all claims paid, also term of the insurance is only one year.

Recently the Authority's property values were appraised by the independent insurance company. Based on the updated appraisal value of the LRSA property which rose from 68 million dollars to 88 million dollars due to recent projects, like Sludge Handling Facility and Liquid End.

After some discussion it was determined that the Authority will stay with the traditional insurance, which will be awarded to Wells Fargo.

The Insurance Committee is recommending the award of the following contract for the period April 1, 2016 through March 31, 2017 to:

1. Wells Fargo Insurance Services USA, Inc. in the amount of \$229,168.04 for all coverage excluding Workers Compensation and two individual bonds.
2. New Jersey Manufacturers Insurance Company in the amount of \$191,400 for Workers Compensation Insurance.
3. Willis of New Jersey, Inc. in the amount of \$621.00 for two individual Bonds.

The Executive Director stated that there are adequate funds in the Authority's 2016 Budget to support these contract awards.

**MOTION:** Upon motion of Mr. Mikolajczyk, seconded by Mr. Sheehy, the Board unanimously approved Resolution awarding Annual Insurance Contracts to Wells Fargo as presented. (Resolution #23-16 attached).

**VOTE:** Mr. Sadowski – Yes; Mr. Sheehy – Yes; Mr. Mikolajczyk – Yes; Mr. Koczur – Yes; Vote on the above Resolution #23-16.

March 23, 2016

**BIDS AND PURCHASES (continued)**

**Authorizing Change Orders No. 1, No. 2 and No. 3 for additional work to the Excavation, Repair and Replacement of Water Lines Project**

The Authority had identified 8 plant locations needing repair of water and HPEW lines. At the January Board meeting, the contract for this work was awarded to JEV Construction for \$51,400. Job has been progressing well, however there are three Change Orders that were necessary to complete the work. Change Order No.1 - is a credit in the amount of \$681, as the Authority provided some piping and fitting in Area 3 of the work. Change Order No.2 - in area 5, the prints were incorrect regarding where the HPEW line was running to connect a yard hydrant. As a result, 4 hours were lost since the line was coming in a different direction resulting in a change order in the amount of \$1,115. Change Order No.3 - the prints for Area 1 showed that the 2 water lines were at a depth of 4 feet, in actuality, the depth was 10 feet. Therefore the change order in the amount of \$6,309 was necessary as a result of the increase time for excavation and restoration. These change orders are justified and the work has been closely overseen by Authority's Maintenance Manager. The Executive Director and Staff are recommending that the Board approves by Resolution for Change Orders No. 1, No. 2 & No. 3 for total amount of \$6,743, bringing the total Contract amount to \$58,143.

**MOTION:** Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk, the Board unanimously approved Resolution authorizing Change Order No. 1, No. 2 & No. 3 for the Excavation, Repair and Replacement of Water Lines Project to JEV Construction LLC., for a total net increase of \$6,743 bringing the total contact amount not to exceed \$58,143. This Change Orders consist of one credit as the Authority supplied material to perform the work and two cost increases due to the need for additional excavation and restoration work. (Resolution #24-16 attached)

**Recommendation to Award a Contract for the PCB Testing**

New Jersey Pollutant Discharge Elimination System (NJPDDES) Permit in 2016 require monitoring of Polychlorinated Biphenyl (PCB's) in the Authority's effluent. LRSA plans to include the Screen-House Influent in order to monitor the present PCB loading coming to the Authority. Three laboratories were solicited for analytical contract. The request for proposal required the Delaware River Basin Commission (DRBC) procedures to be followed in both analytical testing and reporting. The Executive Director and Staff are recommending that the Board award a contract to the lowest bidder in the total amount of \$12,410 with Pace Analytical Services, Inc.

**MOTION:** Upon motion of Mr. Sadowski, seconded by Mr. Sheehy, the Board unanimously approved Resolution awarding a contract for PCB's Monitoring and Testing to Pace Analytical Services in the sum of not to exceed \$12,410. (Resolution #25-16 attached)

**ENGINEERS REPORT**

Tom Laustsen stated that as of this time there is nothing new to report.

**PUBLIC COMMENT** - No one from public was present.

**BILLS AND CLAIMS**

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

**Renewal and Replacement Fund**

**MOTION:** Upon motion of Mr. Mikolajczyk, seconded by Mr. Sadowski the Board unanimously approved payment of the Renewal and Replacement Bills in the amount of \$46,099.79 (Resolution attached).

**Operating Fund**

**MOTION:** Upon motion of Mr. Sadowski, seconded by Mr. Sheehy, the Board unanimously approved payment of the Operating Bills in the amount of \$977,574.30 (Resolution attached).

**ADJOURNMENT**

**MOTION:** Upon motion of Mr. Sheehy, seconded by Mr. Sadowski, the meeting was adjourned at 1:34 P.M. and it was ordered that the next monthly meeting of the LRSA be held on Wednesday, **April 27, 2016 at 12:00 P.M.** in the office of the Authority.

Submitted by: Urszula Luzny