

THE LINDEN ROSELLE SEWERAGE AUTHORITY

The minutes of the regular meeting held on Wednesday, May 24, 2017 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 12/29/16 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;

Absent: Jamel Holley, Member;

Late: Reginald Atkins, Alternate Member;

Attending: Gary G. Fare, Executive Director; Richard Rudin, Board Attorney; Robert Butvilla, Supplee, Clooney & Company;

MOTION: Upon motion of Mr. Vircik, and seconded by Mr. Mikolajczyk, the Board unanimously appointed Robert Sadowski as an Acting Secretary.

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

MOTION: Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously approved the minutes of the April 27, 2017 Executive Session.

MOTION: Upon motion of Mr. Mikolajczyk, and seconded by Mr. Sadowski, the Board unanimously approved the minutes of the April 27, 2017 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

Review of 2016 Draft Audit Report

The Executive Director introduced Robert Butvilla, CPA from Supplee, Clooney & Company as he will review the Authority's 2016 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 June 28, 2017 Board Meeting.

Mr. Butvilla presented the 2016 Authority's Draft Audit report and mentioned that it includes the Auditor's opinion which is "Unmodified" and this is a positive for the Authority.

Mr. Butvilla then highlighted page 39 of the report which shows Budget versus Actual 2016 results of Total Revenue and Total Cost. Revenue exceeded the budget by \$1.160 mill and Costs were \$386,000 less than budgeted. This resulted in a Budget surplus of \$1.475 mill for the 2016 year. Part of that is due to utilizing "unrestricted net position" of \$600,000 to balance the budget. So, in actuality the 2016 year resulted in \$875,000 of new surplus.

BUSINESS AGENDA

Review of 2016 Audit Report (continued)

Mr. Butvilla further stated that this year the State and all the Governmental Entities including Authorities again continued disclosing 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 \$12,172,724, which increased \$4 mill from 2015 because the State has not been making their required contributions. Mr. Butvilla stated that there are in the report a series of footnotes which explained the pension plan accounting in greater detail.

Mr. Butvilla stated that the Audit went well and there were no problems conducting the Audit, everyone cooperated and there were no issues. There are no general comments and no recommendations in the back of the report. Further he said that Karen and Staff does a great job keeping the records and books up to date and seeing that everything is reconciled. 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 added that the Audit went well, the team from Supplee, Clooney & Company did an excellent job in addition to Authority's Staff.

The Executive Director further stated that at the next month's meeting there will be a resolution accepting the 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 a good audit and both parties the Auditors and Authority worked well together.

Mr. Rudin also commented that the State has not been forced by the courts to make the required payments to the pension fund.

Mr. Atkins arrived.

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

MOTION: Upon motion of Mr. Sadowski, and seconded by Mr. Mikolajczyk, the Board unanimously appointed Mr. Atkins both as voting Member and Acting Secretary.

Resolution Authorizing Refund Checks for Sewer Bills

Annually, a Resolution is needed granting the Executive Director authorization to approve payment of the 2017 sewer charge refund monies. The Trustee is being instructed to make payment covering these reimbursements from the General Fund upon the direction of the Executive Director as to the amounts and payees.

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Atkins, the Board unanimously approved Resolution authorizing the Executive Director to approve payment of the 2017 sewer charge refund checks by Trustee from the General Fund for the reimbursement of duplicate payments or overpayments for 2017. (Resolution #28-17 attached)

EXECUTIVE DIRECTOR'S REPORT

The Executive Director presented to the Board his monthly report (see attached report). Additionally the Executive Director reported that the Impasse Meeting is schedule for 6/6/17. There were no questions of the Executive Director's Report.

BIDS AND PURCHASES

Recommendation to Award Polymer Contract

Bid Specifications were developed to Furnish and Deliver Dry Polymer for both waste activated and digested sludge to the Authority for a two year contract period. Six firms picked up specifications. The bids were opened on May 4, 2017. Proposals were submitted by three firms, Coyne Chemical Co., Polydyne Inc. and BASF Corp. The bid submission of Polydyne Inc., the lowest bidder for both products, was reviewed and determined to be responsive. Therefore, the Executive Director and Staff are recommending that the Board award a two year contract in the amount of \$122,227.50 with Polydyne, Inc., on its bid of \$1.29 per pound.

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Atkins, the Board unanimously approved Resolution awarding a contract to Furnish and Deliver Dry Polymer for a two year contract period to Polydyne, Inc. in the amount of \$122,227.50, on its bid of \$1.29 per pound. (Resolution #29-17 attached)

Recommendation to Award Construction Contract for Main Street Pump Station

Bid specifications were developed by CDM Smith for the construction of the Main Street Pumping Station Improvements Project. Eight bids were received. The bid of Underground Utilities Inc. was the numerically lowest bidder at \$533,000, however upon review the amount for Mobilization in the bid submission was found to exceed the maximum amount permitted by N.J.A.C.7:14-2.9. Thereafter the Authority received written notice from Underground Utilities Inc., requesting withdrawal of their bid due to the error. The Executive Director and CDM Smith had reviewed and determined that the second low bid submitted by Coppola Services, Inc. in the amount of \$680,392.00 was both responsible and responsive to the bid specification and represents the lowest bid received. Therefore, the Authority Staff and CDM Smith are recommending that the Board award a contract for Construction Services for Main Street Pumping Station Improvements Project to Coppola Services, Inc. on its bid of \$680,392.00.

MOTION: Upon motion of Mr. Atkins, seconded by Mr. Sadowski, the Board unanimously approved Resolution awarding a Construction Contract Services for Main Street Pump Station Improvements Project to Coppola Services, Inc. in the account of \$680,392. (Resolution #30-17 attached)

Recommendation to Award Construction Management Contract for Main Street Pump Station

The Authority solicited Requests for Proposals from the twelve qualified engineering firms to provide a Proposal for Engineering and Operations and Maintenance Services during the Construction Phase of the Main Street Pumping Station Improvements Project. Five proposals were received. CDM Smith submitted the lowest cost proposal. Also they did an excellent job as the design engineer for this project. Therefore, the Executive Director and Staff are recommending that the Board award a contract to CDM Smith to provide Construction Management services during Construction Phase of Main Street Pumping Station Improvements Project for a sum not to exceed \$92,800.

MOTION: Upon motion of Mr. Mikolajczyk, seconded by Mr. Sadowski, the Board unanimously approved Construction Management Contract for Engineering and O&M Services during Construction Phase of Main Street Pumping Station Improvements Project to CDM, Smith for a sum not to exceed \$92,800. (Resolution #31-17 attached)

BIDS AND PURCHASES (continued)

Resolution Authorizing Purchase of Replacement Parts for Sluice Gates

As it was reported to the Board previously due to operational issues as well as an inspection of the sluice gates located at the Screen House of the plant which was conducted by the manufacturer Rodney Hunt it was determined that both valve stems were bent and needed to be replaced along with other hardware. A formal Quotation Request to Furnish and Deliver Miscellaneous Parts as Manufactured by Rodney Hunt of Equivalent was advertised on the Authority's website in accordance with a fair and open process. Only a one submission was received from Dave Heiner Associates, Inc. for the amount of \$12,660. The quote was reviewed and was determined to be reasonable. As the expenditure exceeds the Executive Director's authorization limit of \$10,000 therefore, there is a recommendation that the Board approves issuance a Purchase Order to Dave Heiner Associates, Inc. in the amount of \$12,660 for the purchase of replacement parts to be used in the repair of the Sluice Gates.

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Atkins, the Board unanimously approved a Resolution awarding a contract to Furnish and Deliver Sluice Gate Replacement Parts from Dave Heiner Associates, Inc. in the sum of \$12,660 and the Executive Director is authorized to execute a Purchase Order for the same. (Resolution #32-17 attached)

ENGINEERS REPORT

There were no questions of the engineer.

PUBLIC COMMENT

There were no public in attendance.

BILLS AND CLAIMS

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

Operating Fund

MOTION: Upon motion of Mr. Mikolajczyk, seconded by Mr. Sadowski, the Board unanimously approved payment of the Operating Bills in the amount of \$823,342.73 (Resolution attached).

Tom Laustsen 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 12:36 P.M., Resolution #05E-17 attached).

MOTION: Upon motion of Mr. Sadowski, seconded by Mr. Mikolajczyk, the Executive Session was closed 12:55 P.M. and the regular business meeting resumed.

The following action has to be taken by Motion:

MOTION: Upon motion of Mr. Sadowski, and seconded by Mr. Mikolajczyk, the Board approved recommendation of the Executive Director to terminate Arthur Rice, Shift Operator for not complying with Conditions of Employment. Mr. Atkins voted against. Chairman stated that vote was 3:1 to terminate Arthur Rice's employment with the Authority, as per Union Contract, after a three days suspension.

ADJOURNMENT

MOTION: Upon motion of Mr. Atkins, seconded by Mr. Sadowski, the meeting was adjourned at 12:57 P.M. and it was ordered that the next monthly meeting of the LRSA be held on Wednesday, **June 28, 2017 at 12:00 P.M.** in the office of the Authority.