

**SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY
MINUTES - CAUCUS MEETING – JULY 11, 2019**

CALL TO ORDER: The Caucus Meeting of the South Monmouth Regional Sewerage Authority was called to order at 6:00 p.m. on Thursday, July 11, 2019.

Moment of Silence and Salute: Led by Chairman Cory

Announcement: This meeting was called in accordance with the provisions of the Open Public Meetings Act in that an announcement of the same was mailed to the Clerks of our member municipalities; and to the Asbury Park Press and the Coast Star on February 15, 2019. The minutes of this meeting will be available after Board approval at a subsequent meeting.

Roll Call: Commissioners Burne, Cory, Donovan, Farrell, Lynch, Mattia May and Nicol.

Messrs. Bonello, Bujak, Krause and Ms. Chesko.

Excused: Mr. Timbrook

ATTORNEY'S REPORT:

Mr. Bonello reported he reviewed the re-bids received for the Pump Station Upgrade Project with Mr. Krause and a resolution has been placed on the Regular Meeting Agenda for Board of Commissioners consideration to award this contract. Wall Township has agreed to assume ownership of the M-Street property and he will be working with Wall Township Attorney, Mr. Sean Kean to initiate a transfer agreement for the property.

EXECUTIVE DIRECTOR'S REPORT:

Outfall Access Chamber Project:

Mr. Krause reported the Outfall Access Chamber Project is complete and a resolution has been placed on the Regular Meeting Agenda for Board of Commissioner consideration and approval for a final quantity change order (negative c/o) as the project costs were under the original contract amount.

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SMRSA Pump Stations Upgrade Project:

During the May 9, 2019 Open Public Meeting the Board of Commissioners rejected all bids received on May 7, 2019 for the Pump Station Upgrade Project. Mr. Krause reported the re-bid was prepared and constructed with the option to award two, three or four of the originally anticipated pump stations. He stated bids were received on July 3, 2019 and the bid results were consistent with the original bid. The re-bid resulted in the same low bidder and given that the bids were higher than anticipated, the Authority will only upgrade the two pump stations identified as the base bid (Wall North and Wreck

Pond) which are currently the higher priority for the Authority. The lowest responsive bidder was that of DeMaio Electric Company, Inc., Hillsborough, New Jersey in a total base bid amount of \$1,546,700.00. A resolution has been placed on the Regular Meeting Agenda for Board of Commissioner consideration to award the Pump Station Upgrade Project to DeMaio Electric Company, Inc. of Hillsborough, New Jersey.

Force Main/Outfall Condition Assessment Plan:

Mr. Krause reported that the Forcemain/Outfall Condition Assessment Plan, Phase 1 is complete. The Consultant Engineer, CDM Smith has issued the final report with their recommendations and have prioritized the sections of the force main to inspect. Over the next two years, the Authority will focus on examining the land-based portion of the Ocean Outfall and the Force Main starting in Belmar running down Ocean Avenue to cut across the south side of Lake Como and the park which is the older section of the pipe of the Spring Lake Height Ocean Outfall. The condition assessment plan also mapped out 10 other inspections projects based on priority and risks.

Co-Generation System Upgrades:

Mr. Krause reported progress continues for the Co-Generation Project. Engine Number One which has been returned to the Authority is scheduled to be put into operation next week. Once the engine is operational, emission testing will begin. Engine Number Two which was also rebuilt is due back on-site the end of the month. Staff is going to coordinate the emission testing for both engines at the same time. The new 315 kW Engine which has been operational for the last couple of months still has a few punch list items that need to be completed.

On June 28, 2019, the Department of Environmental Protection Agency (DEP) was on site for the Stack Emission Testing. The Authority has not received the final report but all indications from the lab technicians seem to indicate a good report.

As mentioned last month, Mr. Krause reported the award for the Co-Generation System Project included \$300,000.00 for contingency funds (unexpected costs or materials). As there were no unexpected costs for the project, he was successful in negotiating with the Energy Resilience Bank to allow the Authority to use these contingency funds to replace and purchase motors for the plant's processing pumps, and several Variable Frequency Drives (VFDs) for the control room. A resolution has been placed on the Regular Meeting Agenda for Board of Commissioner consideration and approval to authorize an amendment to the existing Professional Engineering Services Agreement with T&M Associates to review manufacturer documentation, provide a written report, monitor progress of the installation and resolve any technical issues that may arise as outlined in their proposal dated June 19, 2019.

M Street Property:

Mr. Krause reported as mentioned in the Attorney's Report, Wall Township has passed a resolution to transfer the M Street Property. Mr. Bonello will contact Wall Township's Attorney Mr. Sean Kean to transfer the property.

Annual Procurement Contracts

Mr. Krause reported it's the time of year the Authority solicits for its 2020 annual procurement and service contracts which include the procurement of Sodium Hypochlorite, Magnesium Hydroxide and the Hauling and Disposal of Sewer Sludge; service contracts include Electrical Diagnostic Services and Equipment Rental and Repair Services. Two resolutions have been placed on the Regular Meeting Agenda for Board of Commissioner consideration and approval authorizing the Authority to solicit bids for these goods and services.

Senate Bill 3870:

Mr. Krause reported on Senate Bill 3870 which would allow municipalities to sell their sanitary sewer collection systems whether it be to another municipality or the private sector. Municipalities can currently sell their sanitary sewer collection systems but S3870 Bill would allow them to sidestep some of the processes associated with the sale of their collection systems; namely eliminating any public referendum or comment period and create a new ordinance without public input for the sale. This bill is getting some attention in the legislature and the Association of Environmental Authorities (AEA) is very concerned. Mr. Krause further explained the investor-owned utilities make their money by purchasing these systems and re-coup their purchase costs by including it in their billing as a surcharge. In the beginning, the municipalities believe they are saving money with the reduced rate charged to the ratepayers, however, they will be paying more once the investor utilities add the surcharge. Investor-owned utilities are not required to add their purchase price into their base rate or have these add-on charges approved by the BPU. It would be a separate charge added to the rate-payer's bill which would result in the ratepayers paying for the collection system twice. The investor-owned utility will also receive incentives to improve/replace the systems, and standard maintenance and distribution costs which would also not be accounted for in the base rate but added as an additional charge. Discussion followed with the Commissioners regarding how the collection system would be billed to the current ratepayers.

Storm Water Utility Law (Rain Tax):

Mr. Krause stated the Storm Water Utility Law (Rain Tax) authorizes municipalities, counties and certain Authorities to establish storm water utilities. He suggested to the Board of Commissioners that they may want to start considering whether or not this is something that the Authority would want to take on even though he has not been approached by any towns at this time. This could require the need for studies and its associated costs as well as additional staff.

Commissioner Mattia asked Mr. Krause if he could put together something that explains more about the Storm Water Utility Law so they can be more informed of what their town's obligations and responsibilities will be concerning this law. Mr. Krause replied that at a very basic level the Authority would take ownership and the operations of the storm water's catch basins and pipes. There would be permitting involved and it would have a separate budget as well as identify how the service would be billed back to the towns. The Storm Water Utility Law (Rain Tax) is not new, he believes 35 out of the 50 states are already doing this and the remaining states seem to be following. Generally speaking, they look at the impervious coverage and calculate a number of how many cents per square foot and bill the user (property owner) either monthly or quarterly. He stated the Association of Environmental Authorities (AEA) currently has a Rain Tax Working Group in place of which he is a member. He is aware of some Authorities actively pursuing ownership in hopes of making their Authority more valuable to its communities; whereas some small Authorities are more likely to have competition from the private investor-owned utilities.

ADMINISTRATION:

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2018 Annual Audit:

Mr. Bujak reported there has been no change to the status of the 2018 Audit since last month. To comply with the Government Accounting Standing Board 75 (GASB75) the Authority is required to report its liability for post-employment benefits other than pension on its Financial Statement to include healthcare costs for SMRSA retirees and their dependents. The Division of Pension and Benefits has yet to supply these costs for any agency participating in the State Benefit Health Plans causing a delay in the issuance of the audit. The Authority is taking the same position as many of the other Authorities, which is delaying it rather than issuing the Audit now and having to pay additional expenses to restate the financials and re-issue it once the liability figures are supplied.

Collective Bargaining Negotiations:

Mr. Krause reported September 16, 2019 has been scheduled for the Fact-Finding Mediation Session.

BUSINESS:

- Resolution to Authorize the Transfer of Funds from the Revenue Fund to the Operating and Payroll Funds for the explicit purpose of payment of all known calendar year 2019 listed bills
- Resolution to Authorize Payment of the Current Month's Construction Project Bills
- Approve the June 13, 2019 Caucus & Regular Meeting Minutes as written
- A Resolution Authorizing the Execution of a Final Quantities Change Order for the Ocean Outfall Access Chamber contract with CMS Construction, Inc.
- Resolution to Approve a Change Order for Additional Engineering Services related to the Co-Gen Resiliency Upgrade Project with T&M Associates
- Resolution to Award Base Bid Contract to DeMaio Electric Company, Inc. for the Pump Stations Upgrade Project
- A Resolution Awarding On-Call Construction Management Services for the Pump Stations Upgrade Project to Mott MacDonald
- A Resolution to Authorize the Solicitation of Bids to Furnish and Deliver Sodium Hypochlorite, Magnesium Hydroxide and for the Removal and Hauling of Sewer Sludge
- A Resolution to Authorize the Solicitation of Bids for Equipment Repair, Rental, Maintenance & Installation Services; and Electrical Diagnostic, Troubleshooting and Repair Services

PUBLIC PORTION:

A motion was made by Commissioner Mattia and seconded by Commissioner Farrell to open the public portion of the meeting. On voice vote, all voted aye. A motion was made by Commissioner Mattia and seconded by Commissioner Farrell to close the public portion of the meeting. On voice vote, all voted aye.

ADJOURNMENT:

Commissioner Mattia made the motion to adjourn the Caucus Meeting. Commissioner Farrell seconded the motion. On voice vote, all voted aye.