

RAHWAY VALLEY SEWERAGE AUTHORITY

Summary of Minutes

Regular Meeting held July 20, 2006

- Communications
None.
- Minutes
Approved the minutes of the Regular Meeting held June 15, 2006.
- Treasurers Reports
Treasurer's reports for the month of May 2006 were received.
- Interim Executive Director
Sewer Connection and the status of various contracts.
- Consulting Engineer
Overview of contracts; flow rights and user charge reports.
- Counsel
Overview of legal matters.
- Committees
Reports were made by the Engineering, Finance, Computer, Security, Personnel and Insurance Review Committees.
- Unfinished Business
None.
- New Business
Approved the following: Treatment Works Applications for Rahway; and personnel related items.

New Business Cont'd.

Approved the following expenditures: Award Workers Compensation Insurance to New Jersey Manufacturers; Property Insurance to Liberty Mutual and General Liability to Amalgamated General Agencies; Acquisition of two dewatering centrifuges at a cost not to exceed \$600,000.00.

- Bills and Claims

<u>Fund Description</u>	<u>Fund#</u>	<u>Amount</u>
OPERATING FUND	6-01	\$1,045,241.91
BUILDING & EQUIP FUND	6-02	<u>\$8,130,624.89</u>
TOTAL ALL FUNDS		\$9,175,866.80

The Chairman called the meeting to order at 8:08 p.m.

The Chairman read the statement on "Open Public Meetings Law".

In accordance with the requirements of the Open Public Meeting Act, State of New Jersey, adequate notice of this meeting has been provided by the inclusion of the date, time and place in a Notice which was forwarded to the Star Ledger, the Home News Tribune and was filed with the Clerk of each of the eleven member municipalities on February 14, 2006 and again July 17, 2006.

The Chairman asked if any member of the body believed that this meeting was being held in violation of the provisions of the Open Public Meetings Act; to please state their objection and the reasons for same.

Hearing no objections, the Chairman stated we shall proceed with our regularly scheduled meeting.

The Chairman requested that everyone stand to salute the Flag and observe a moment of silence for our servicemen and women overseas.

Roll Call

The following members were present:

Rosalie F. Berger	for the Township of Springfield
Allen Chin	for the Town of Westfield
James J. Kennedy	for the City of Rahway
C. Clark Landale	for the Borough of Mountainside
Charles Lombardo	for the Borough of Garwood
Robert G. Luban	for the Township of Woodbridge
* Frank G. Mazzarella	for the Township of Clark
Thomas J. McHale	for the Borough of Kenilworth
James J. Murphy	for the Township of Cranford
Joan Papen	for the Township of Scotch Plains
Attilio S. Venturo	for the Borough of Roselle Park

* Participated via telephone conference.

The following were also present:

Michael J. Brinker, Jr., P.E.	Interim Executive Director
Robert J. Materna	Secretary-Treasurer
Joanne Grimes	Office Administrator
James Wancho, P.E.	Consulting Engineer
Brian Hak, Esq.	Counsel
Virginia Edwards, Esq.	Connell Foley LLP, Bond Counsel
Manny Parada	CCMS, Construction Management
Keren Schultz	The Westfield Leader
Carly Rothman	The Star Ledger

Robert Valent	Superintendent
Anthony Gencarelli	Manager of Regulatory Compliance
Dan Ward	Manager Plant Maintenance
Gary Marano	Maintenance Supervisor
David Patrick	Bio-Solids Supervisor
John Derkack	Maintenance Man
Jim Thor	Utility Worker
Thomas Macaluso	Asst. Laboratory Supervisor
Robert Safchinsky	Maintenance Coordinator

Suspend the Regular Order of Business

The Chairman requested that the Regular Order of Business be suspended as Commissioner Mazzarella is attending the meeting via telephone conference, and added that matters under New Business be addressed at this point.

New Business

The following Resolution #06-33 was offered by Mr. Chin, on motion of Mr. Chin, seconded by Mr. Luban. The resolution was approved by a vote of 8 to 3 with Commissioners Landale, McHale and Papen voting against.

WHEREAS, on May 13, 2004, the Rahway Valley Sewerage Authority adopted Resolution #04-20 and on October 20, 2004 amended same by Resolution #04-53; and

WHEREAS, said resolution stated that “the Executive Director shall present all personnel issues related to any person’s appointment to, discharge from, or promotion to the positions of Chief Engineer, Superintendent, Secretary-Treasurer, Manager of Research & Regulations, Office Administrator, Maintenance Supervisor, Health & Safety Coordinator, Laboratory Supervisor, Supervisor of Industrial & Municipal Operations, to the Personnel Committee of the Authority where all such matters shall be reviewed and discussed and the Personnel Committee shall make such recommendations to the membership of the Authority with respect to such issues that it deems appropriate; and

WHEREAS, the title of Office Administrator was revised to Office Administrator/Board Secretary; the Maintenance Supervisor was promoted to Manager, Plant Maintenance; the title of Health & Safety Coordinator was revised to Health, Safety & Security Coordinator, the Supervisor of Industrial & Municipal Operations position was abolished.

NOW, THEREFORE, BE IT RESOLVED by the membership of the Rahway Valley Sewerage Authority that Resolutions #04-20 and amended by Resolution #04-53 shall be further amended, specifically to replace the verbiage of Item #1 as follows:

1. The Executive Director shall present all personnel issues related to any person’s appointment to, discharge from, or promotion to the positions of Chief Engineer, Superintendent, Secretary-Treasurer, Manager of Regulatory Compliance, Office

Administrator/*Board Secretary; Manager, Plant Maintenance; Health, Safety & Security Coordinator; and Laboratory Supervisor, to the Personnel Committee of the Authority where all such matters shall be reviewed and discussed and the Personnel Committee shall make such recommendations to the membership of the Authority with respect to such issues that it deems appropriate.*

BE IT FURTHER RESOLVED, that all other conditions set forth in Resolution #04-20 and #04-53 shall remain in effect and full force; and

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

The following Resolution #06-34 was offered by Mr. Chin, on motion of Mr. Chin, seconded by Mr. Luban. The motion was unanimously approved.

WHEREAS, the Rahway Valley Sewerage Authority solicited and received a proposal for insurance coverage related to Workers Compensation; and

WHEREAS, formal bids were not solicited as insurance coverage is an extraordinary, unspecifiable service per N.J.S.A. 40A:11-5.

WHEREAS, the Secretary-Treasurer of the Authority, who is the Chief Financial Officer, hereby certifies that funds for said contract are available in the 2006 Annual Budget.

NOW, THEREFORE, BE IT RESOLVED that based on the proposal received and review of same from New Jersey Manufacturers Insurance Company, the Rahway Valley Sewerage Authority hereby awards the placement of its Workers Compensation Insurance to New Jersey Manufacturers Insurance Company of Trenton, New Jersey in an estimated amount of \$99,834 to \$164,950, subject to the finalization of New Jersey surcharges and adjustments of Insurance Values; and

BE IT FURTHER RESOLVED that the insurance program being awarded as noted above is for the period from July 25, 2006 to July 25, 2007; and

BE IT FURTHER RESOLVED that a Notice of Award will be published in accordance with law.

The following Resolution #06-35 was offered by Mr. Chin, on motion of Mr. Chin, seconded by Mr. Mazzarella. The motion was unanimously approved.

WHEREAS, the Rahway Valley Sewerage Authority solicited and received a proposal for insurance coverage related to its Property and Equipment; and

WHEREAS, formal bids were not solicited as insurance coverage is an extraordinary, unspecifiable service per N.J.S.A. 40A:11-5.

WHEREAS, the Secretary-Treasurer of the Authority, who is the Chief Financial Officer, hereby certifies that funds for said contract are available in the 2006 Annual Budget.

NOW, THEREFORE, BE IT RESOLVED that based on the proposal received from Liberty Mutual Insurance Company, the Rahway Valley Sewerage Authority hereby awards the placement of its Property and Equipment Insurance in the approximate amount of \$110,000.00, subject to the finalization of surcharges and adjustments of Insurance Values; and

BE IT FURTHER RESOLVED, that such award is contingent upon Liberty Mutual Insurance Company providing the Authority with the requested state mandated documentation related to AA/EEO, NJ Business Certification, and Pay to Play prior to execution of the contract; and

BE IT FURTHER RESOLVED that the insurance program being awarded as noted above is for the period from July 25, 2006 to July 25, 2007; and

BE IT FURTHER RESOLVED that a Notice of Award will be published in accordance with law.

The following Resolution #06-36 was offered by Mr. Chin, on motion of Mr. Chin, seconded by Mr. Luban. The motion was unanimously approved.

WHEREAS, the Rahway Valley Sewerage Authority solicited and received a proposal for insurance coverage related to its General, Umbrella Liability, Automobile, Public Officials/Employment Practices Liability, Crime and Public Officials Bond; and

WHEREAS, formal bids were not solicited as insurance coverage is an extraordinary, unspecifiable service per N.J.S.A. 40A:11-5.

WHEREAS, the Secretary-Treasurer of the Authority, who is the Chief Financial Officer, hereby certifies that funds for said contract are available in the 2006 Annual Budget.

NOW, THEREFORE, BE IT RESOLVED that based on the proposal received from Amalgamated General Agencies (AGA), the Rahway Valley Sewerage Authority hereby awards the placement of its Public Entity Insurance Package including General Liability, Umbrella Liability, Automobile, Public Officials/Employment Practices Liability), Crime and Public Officials Bond, to the Insurance Carriers outlined in the proposal submitted by AGA of Westfield, NJ, in an amount of approximately \$124,990.00 subject to the finalization of New Jersey surcharges and adjustments of Insurance Values; and

BE IT FURTHER RESOLVED that the insurance program being awarded as noted above is for the period from July 25, 2006 to July 25, 2007; and

BE IT FURTHER RESOLVED that a Notice of Award will be published in accordance with law.

Mr. Chin made a motion, seconded by Mrs. Berger, authorizing the Interim Executive Director to pursue the acquisition of two new dewatering centrifuges from Centrisys Centrifuge Systems or other vendor in an amount not to exceed \$600,000.00; as a Change Order to Contract #105 Cogeneration/Sludge Drying Facility with J.H. Reid Contractors, as discussed with the Board and recommended by the Interim Executive Director. The motion was unanimously approved.

The following Resolution #06-37 was offered by Mr. Kennedy, on motion of Mr. Kennedy, seconded by Mr. Lombardo. The resolution was unanimously approved.

WHEREAS, the City of Rahway has filed an application for a Treatment Works Application on behalf of Maser Consultants and Carriage City Hotel & Tower for property located on Irving Street and East Milton Avenue in the City of Rahway, State of New Jersey; and

WHEREAS, the application is for the construction and connection of a sanitary sewer line to service a mixed use facility consisting of a hotel, retail shops, 1 and 2 bedroom condominiums and a restaurant, with a proposed additional flow of 52,217 gpd; and

WHEREAS, the flow from foregoing will not cause the Authority to exceed its permitted flow of 40 mgd; and

WHEREAS, the application has been reviewed by Michael J. Brinker, Jr., P.E., Interim Executive Director/Chief Engineer, and found to be in order.

NOW, THEREFORE, BE IT RESOLVED by the Rahway Valley Sewerage Authority that it does hereby accept and approve the aforesaid application.

Mr. Chin made a motion to authorize the Executive Director to hire the applicant as noted in the Personnel Committee Meeting as recommended by the Personnel Committee. Mrs. Berger seconded the motion.

Mr. Ventura asked who the applicant was. Mr. Murphy stated that the Personnel meeting started at 7:00 p.m. Mr. Hak stated we discussed that in Executive Session and added it was not appropriate to name the individual in open session at this time.

Mr. Ventura asked that if we're going to hire him, it's appropriate. Mr. Hak said no. Mr. Ventura asked if we could discuss his qualifications. Mr. Kennedy stated that his qualifications were discussed in Personnel/Executive Session. Mr. Ventura stated that we operate under a set of rulings that allow us to bring this up in an open meeting and added that there is no reason that we can't discuss this openly. Mr. Kennedy asked Personnel, litigation? Mr. Ventura said yes.

Mr. Hak stated that it's a personnel issue and potentially opens up to litigation which is why we discussed it in Executive Session.

Mr. Landale stated that according to the Open Public Meetings Act, "that discussion of creation of a new position for what ever title, position or the salary that might be paid for such a position, should take place in the public portion of the meeting not in Executive Session".

Mr. Hak said he did not know what Mr. Landale was reading from, but stated that when you talk about personnel Mr. Ventura asked if what Mr. Hak was stating was an opinion. Mr. Hak responded that everything he does is an opinion – that's what law is.

Mr. Ventura stated that then we challenge the opinion. Mr. Hak asked if there is another lawyer that can provided an opinion.

Mrs. Berger stated to Mr. Ventura that he missed the Personnel Committee Meeting and should have been there. Mr. Ventura responded that it does not matter if it was discussed in Committee. He added that the Committee recommends to the Board, then the Board makes the decision and is able to openly discuss it. Mr. Ventura added that Mr. Landale read you the law.

Mr. Landale stated that the public has the right to hear this new position, the salary of the position, and why we are creating this position.

Mr. Ventura asked about the applicants' qualifications. He added that he will probably vote for this, however, he does not want it to seem that we are shoving something under the rug. He continued on to say that he objects to these types of meetings.

Mr. Landale stated that he objects that the Board hasn't followed the proper procedure in creating this position, creating the need for this position, posting the position properly for the public in a public fashion. He said we did not follow proper procedure. Mr. Landale added that "quite frankly, over the past few months, we've had discussion about this in Executive Session that should not have been in Executive Session".

Mr. Hak stated that is not true. He added that Personnel matters are discussed in Executive Session.

Mrs. Papen stated that only certain personnel matters should be discussed in Executive Session. Mrs. Papen said that you can discuss the position, the title, and the salary all in open session, just not name names. Mr. Hak said that's correct. Mr. Hak continued on to say but we were discussing an individual, and his qualifications fit the job description, and that is appropriate for Executive Session.

Mr. McHale asked what we are voting on tonight. To hire the man? Mrs. Papen added and for how much? Mr. McHale added that as he stated in Executive Session, he would like to see more ... the amount of money he is going to get, the job description, and all of that. He added "I haven't seen it and it looks like I'm not going to see it if this thing goes the way I think they are going to go".

Mr. Luban stated that we all saw a job description tonight as prepared by Mr. Chin. Mrs. Papen stated that we discussed that this individual does not fit that job description. Mr. Luban added that's what you feel and that will come out in your vote. He added that we did see a job description and had discussion in Executive Session and added that he thinks Mr. Venturo wants to discuss the job description and salary in public but not the individuals name or resume.

Mr. Venturo said that he wants to know the man's name and his resume, his qualifications for this. He added that if he is going to vote on this, he should have as much knowledge and the public should have it also. This is a public entity, not a private corporation. Mr. Luban stated that the Commissioners got the resume under the laws of Executive Session.

Mr. Venturo stated that as he was taught, "if it's not logical it's probably not legal either. If it fails to pass logical reasoning, then as far I'm concerned, it's wrong".

Mr. Lombardo said that this could all have been avoided and he understands that we all have personal commitments, but the executive meeting was at 7:00. If everyone was here, and they heard the full explanation of the details, we probably wouldn't be having this conversation right now.

Mr. Venturo said that the Personnel Committee comes forth and makes a recommendation it's not necessary that we must take the Personnel Committees recommendation. Its only three members that are making that decision, not eleven members.

Mr. Kennedy stated that your opinion is reflected in your vote. He added that he attended two Personnel Committee meetings and the mans name was mentioned at both meetings. Mr. Landale stated that's an opinion as well. Mr. Kennedy added that he doesn't think that Authorities operate any different than municipalities.

Mr. Landale stated that he thinks "the board is creating a position here that is not in the best interest of this Authority or the eleven communities, plain and simple. We've created a position where we're going to pay an individual - we don't know - some money that I can guarantee is more than \$50,000 and less than \$100,000. He added that we have not looked internally properly or externally properly. We have enough experience here at the Authority where some of this persons supposed job description could be fulfilled by individuals of expertise here. Instead we're creating a position that is not necessary, and again is costing the taxpayers of the eleven communities' monies, that's not necessary. We've gone back and forth about this persons qualifications, we've essentially created this position for this individual and no one here in their right mind can tell me any different".

Mr. Venturo stated that it is his opinion, that if we go ahead and do this, we subject ourselves to a lot of other actions that can be taken against us for this type of procedure. He added "let's do what's right, I'm not saying that the public shouldn't be hired but I don't think as my other fellow members have stated, and that we are doing the right thing by acting in this manner. It leaves a lot to question".

Mr. Chin stated that in terms of finances, when Richard Tokarski was here his salary was \$165,000; Mr. Brinker's salary was \$100,000 plus. Counsel said we should be in Executive Session. Mrs. Papen said you can mention salaries - that information is open to the public, whether they're employed now or before. Counsel said not to mention names, only titles, not names. Mr. Chin continued on to say the workload was such. The former Executive Director retired, the present Interim Executive Director took his place, took all of his responsibilities, everything that goes with the position, and has no one to replace his position in which he helped the Executive Director. Mr. Chin added that it's appropriate that we help the Executive Director with someone to do mainly what he was doing before to help the Executive Director. Mr. Landale stated which was the Chief Engineer. Mr. Chin said we talked about that and the assignments in Executive Session and how we are going to cover that. Mr. Chin added this person we are hopefully going to hire is being hired more for administrative help, liaison and things like that, not necessarily engineering or technical work. Mr. Chin added that in terms of the money situation, we save quite a bit of money without paying the former Executive Directors salary - it's unfair to our present Interim Executive Director not to give him some kind of support that he gave to the former Executive Director. This is why we are creating the position to have someone perform the work Mike was doing for the Executive Director.

Mr. Ventura asked if Mr. Chin got this information from Mr. Brinker. Mr. Chin said that Mr. Brinker interviewed the man. Mr. Ventura asked if Mr. Brinker was requested to interview him or did he ask to interview the man. Mr. Chin said Mr. Brinker interviewed him. Mr. Ventura asked again, was he asked to interview the man. Mr. Chin said he had no idea. Mr. Ventura asked if it was on the agenda. Mr. Murphy said it was added to the agenda after the personnel meeting.

Mr. Luban stated that last month we gave the Interim Executive Director the okay to do a search for an assistant and that's what he did over the last month.

Mr. Landale said that if the board were to take Mr. Chin's argument, which you just stated for the record - it's flawed. Mr. Landale continued on to say because if we were to take you for face value, then we should be hiring a Chief Engineer with the proper licenses and the engineering experience and we're not. He added we're hiring a glorified administrative assistant.

Mr. Chin said, we talked about responsibilities in the Executive Session and covering the engineering portion and you were aware of the discussion.

Mr. Hak stated that he thinks the appropriate way to handle this resolution is to make a resolution creating the new position in accordance with a job description and the position be filled by the Interim Executive Director. Mr. Hak added that quite frankly, that Mr. Brinker, as the Interim Executive Director, has legal authority to hire this person without going through the Board because if you look at Resolution #06-33, it sets forth the specific positions that have to be presented to the personnel committee for recommendation to the full board. Mr. Hak added that this is a new position, its not one of the positions listed. Mr. Hak said the Executive Director has the authority to hire and fire outside of these people. So the appropriate way to handle this is, to do a resolution creating the position and authorize the Interim Executive Director to make the hire of his choice.

Mrs. Papen asked what will be the title of the position.

Mr. Ventura stated that we're going to get this guy in one way or the other; we're going to grease the skids and we're going to get him here on the public payroll. Mr. Ventura continued on to say "How terrible can we get", "I am a member of this, and it dirties my name when you do something like this".

Mr. Ventura made a motion to table the motion on the floor. Mr. McHale seconded the motion. Mr. Ventura said there is no discussion on a motion to table and requested that the Chairman call the vote.

<u>AYES</u>	<u>NAYS</u>	<u>ABSENT</u>	<u>ABSTAIN</u>
Kenilworth	Clark		
Mountainside	Cranford		
Roselle Park	Garwood		
Scotch Plains	Rahway		
	Springfield		
	Westfield		
	Woodbridge		

As the vote was 4 to 7, the motion to table was defeated.

Mr. Luban noted that he heard counsel state that there is a resolution covering the positions in which the Executive Director can hire or fire and therefore it automatically allows the Executive Director to hire and fire anyone else he chooses. Mr. Luban added that if you follow that path, this discussion is moot.

Mr. Landale stated that we took that authority away from the Executive Director. Mr. Luban said the resolution covers only certain positions. Mr. Landale disagreed and stated he knows that authority was taken away. Mr. Hak said the resolution is in your packets. Mr. Landale stated the fact that Counsel is even bringing this up is unbelievable.

Mr. Ventura said to Mr. Hak "you hold the banner high for your forces". Mr. Hak said I'm just pointing out the fact that there is a resolution in the Commissioners folders authorizing the Executive Director to present certain matters before the Board. Mr. Landale said if you want to get technical, it says "Executive Director" and we do not have an Executive Director, we have an Interim Executive Director.

Mr. Hak said that's absurd. He added that when Mr. Brinker was appointed as the Interim Executive Director, he took on all rights, responsibilities and obligations of the Executive Director. Mr. Landale responded that's not what the resolution says. Mr. Hak asked if you are limiting Mr. Brinker's authority. Mr. Landale said absolutely. He added we have been doing that for years – since we took that authority away.

Mr. Murphy asked if there was any further discussion. Mrs. Papen said we still don't know the

title, how can you vote on it.

Mr. Chin said the new title will be Assistant to the Executive Director. Mrs. Papen stated that this position will be lower than the Executive Director, Chief Engineer, Secretary-Treasurer, Manager of Regulatory Compliance, Office Administrator/Board Secretary, Manager of Plant Maintenance, Health, Safety & Security Coordinator, and Laboratory Supervisor. Mrs. Papen said she hopes that this mans salary isn't higher than any of those positions either.

Mr. McHale asked what are we voting for. Mr. Landale said we still don't know what the salary is. Mr. Luban wanted to know why we the board was even voting, in that the resolution read by Counsel doesn't even name this position. Mr. Murphy said we are voting to create the position.

Mr. Chin said that he hereby revises his motion, and the motion is to create the position of Assistant to the Executive Director. Mrs. Berger seconded the motion.

Mr. McHale said were not necessarily hiring the person we interviewed for the position. Mr. Ventura said we're not hiring anyone, we're only creating the position. Mr. Luban said we are creating a position which automatically allows Mr. Brinker to hire or fire or promote if he should so choose.

Mrs. Papen asked what is the job description. Mr. Luban said it's everything on the list that was provided earlier in the evening. Mrs. Papen said that there are a lot of things missing from that list. Mr. Chin said that the description is as he sent out to everyone – slightly modified to exclude the Engineering work and to be further developed by the Executive Director.

Mr. Ventura asked if there were any members of the press in attendance. Representatives from two newspapers responded yes.

The Chairman requested a roll call vote to create the position of Assistant to the Executive Director.

Mr. McHale suggested that they be careful with the title.

<u>AYES</u>	<u>NAYS</u>	<u>ABSENT</u>	<u>ABSTAIN</u>
Clark	Kenilworth		
Cranford	Mountainside		
Garwood	Roselle Park		
Rahway	Scotch Plains		
Springfield			
Westfield			
Woodbridge			

As the vote was 7 to 4, the motion was approved.

The Chairman stated that we will return to the regular order of business.

Communications

None.

Approval of Minutes

Mr. Chin made a motion, seconded by Mr. Luban, to approve the minutes of the Regular Meeting held June 15, 2006. The motion was unanimously approved with the exception of Mr. Kennedy and Mr. Venturo who abstained.

Report of Treasurer

The Treasurer's Reports for the month of May 2006 have been distributed to the Commissioners for review and have been attached to the Minutes.

Report of Interim Executive Director**Sewer Treatment Endorsements**

The following is a list of Sewer Treatment Endorsements processed between 6/14/06 and 7/18/06:

Number	Date	Applicant	Municipality
873-06-KW	06/15/06	Joe Christadore	Kenilworth
874-06-WB	06/19/06	Frank Zappia	Woodbridge
875-06-WB	06/21/06	Palent & Matilsky	Woodbridge
876-06-CL	06/23/06	Michael Juzefyk	Clark
877-06-CL	06/26/06	David Marques	Clark
878-06-KW	06/26/06	Fernanda Santos	Kenilworth
879-06-CL	06/28/06	Biogio Bonanno	Clark
880-06-CR	06/29/06	Brian Merkel	Cranford
881-06-WB	06/30/06	Deluxe Homes	Woodbridge
882-06-WB	07/11/06	Palent & Matilsky	Woodbridge
883-06-WB	07/12/06	Naveed Akhtar	Woodbridge
884-06-SF	07/14/06	Control Construction Co.	Springfield
885-06-WB	07/18/06	East West Plaza	Woodbridge

Monthly Reports

The following monthly reports were received and distributed to the Commissioners:

- PS&S Consulting Engineering
- CCMS - Contract #105 – Cogeneration Facility
- CCMS - Contract #155 – WWTP Upgrade
- CCMS - Contract #156 – Gravity Relief Sewer
- Weiner Lesniak - Monthly
- Murray Montgomery & O'Donnell – Monthly
- RVSA Superintendent – 2006 Summary Operations

- RVSA IPP Coordinator – IPP Activities for May 2006

Sludge Dewatering Equipment

I prepared a memorandum regarding the consideration of two new centrifuges. The memorandum and related information were previously distributed to the Commissioners for review and consideration.

Treatment Works Connection Endorsement – Rahway

A Treatment Works Connection Endorsement Application was submitted by Maser Consultants for Carriage City Hotel & Tower for property located on Irving Street and East Milton Avenue in the City of Rahway, State of New Jersey, for the connection of a mixed use facility consisting of a hotel, retail shops, 1 and 2 bedroom condominiums and a restaurant. This connection will generate approximately 52,217 gpd of new flow. I have reviewed the application and recommends approval. A resolution is on the agenda under New Business.

NJDEP Site Visit

Mr. Brinker noted that the NJDEP Enforcement Group recently visited the plant. He noted that after taking a tour of the facility and lengthy discussion, they advised Mr. Brinker that they feel that the overall plant, the ongoing construction and the contractors are progressing efficiently. They did note, however, that with regard to the I/I, the reports from the municipalities, that the municipalities are not doing enough to remediate I/I and that they will be pursuing this in the near future.

Mr. Ventura questioned when the Cogeneration Facility is supposed to come on-line. Mr. Brinker stated that there are different dates, each date is relative to a different phase completion date, and the complete project is due on-line by 1/1/07. Mr. Ventura said he didn't think that was possible.

Mr. Mazzarella terminated his phone call and exited the meeting at this time, 8:44 p.m.

Report of Consulting Engineer

The following report to the Authority Board summarizes our activities for the period of June 10, 2006 through July 14, 2006.

JCO Compliance

The second quarter report is due at the end of July. PS&S is currently working on the report.

Laboratory Renovation-Contract #145

PS&S continues to provide construction observation of the Contractor activities. The Contractor has completed the building construction and the majority of the preliminary "punch list" work;

cleaning work is currently being implemented. The Contractor has scheduled the final plumbing and Certificate of Occupancy inspections with the Township of Woodbridge Building Department on July 18, 2006. PS&S has evaluated the contract close-out conditions and issued a summary letter recommending General Counsel involvement and the consideration of liquidated damages.

Mr. Brinker added that the Woodbridge Township Inspector conducted the inspection on July 18th and did not issue the C.O. Mr. Brinker added that the Inspector found new items which he felt were not in compliance, however, these items had passed previous inspections. Counsel recommended that the matter be further discussed in closed session.

Rehabilitation of Digesters #2 & #3- Contract #147

The Engineer has reviewed, approved and submitted the Contractor's final payment application to the Authority. Close-out will be complete upon Authority payment and therefore PS&S will remove the reporting of this project from our Engineers Report.

Administrative Appeals Re: Air Quality and TWA Permits

General Counsel has consolidated the NJPDES and TWA appeals. The key remaining issue is related to the design flow that will be utilized for the mass limit calculations in the NJPDES permit. PS&S continues to coordinate activities with General Counsel and Special Counsel, Hall & Associates.

Trunk Sewer Rehabilitation - Contract #144

PS&S completed the contract documents and issued them for bid on June 26, 2006. Approximately 12 sets of contract documents have been issued by the Authority to prospective bidders. PS&S is reviewing several questions received from contractors and is preparing an addendum for clarification. The bid opening is now scheduled for August 3, 2006.

Wastewater Management Planning

The revised WMP document was previously submitted to NJDEP, however there continues to be an issue related to the WMP delineated design flows resulting from the NJPDES and TWA permit challenges. Since the issue of the design flows has delayed the adoption of the WMP document, NJDEP had previously suggested that the service area mapping be adopted without the rest of the WMP document; more recently the NJDEP has requested that RVSA participate in the adoption of the "Facilities Table" which is the component of the WMP that includes the design flow. PS&S continues to coordinate with General and Special Counsel on this issue. Based on a review of the option with Special Counsel PS&S responded to NJDEP that the RVSA was opposed to the adoption.

PS&S continues to provide assistance related to the WMP mapping and previous amendments that were implemented by NJDEP pursuant to approved TWA permits endorsed by the Authority.

Cogeneration Funding

PS&S continues to track the status of the BPU Office of Clean Energy Renewable Energy Advanced Power Program grant application and have been responding to NJBPU questions. PS&S received another request for additional information for which we are currently preparing a response. PS&S has requested a meeting with NJBPU and is awaiting a response to this request.

Cogeneration Facility- 4th Engine Design/Permitting

PS&S continues to track the permit application process. During this period comments from PS&S/RVSA on the second pre-draft permit were submitted to NJDEP. PS&S will continue to follow-up with NJDEP.

Digester Brick Replacement-Contract #157

PS&S has proceeded with design drawings developing the scope of work for the digester brick replacement. PS&S has finalized the drawings and is almost complete with technical specifications and the “front end”.

User Charge and Flow Rights Reports

The June User Charge and Flow Rights reports, covering May 2006, were finalized and submitted during the last period. July reports covering June 2006 were distributed earlier this evening.

Report of Counsel

The following is a summary of all General Counsel Services that have been provided by this office to the Rahway Valley Sewerage Authority for the time period covering June 14, 2006 through July 18, 2006.

CSP Improvements & related issuesContract #155 & #156

Continued to follow up with CCMS regarding insurance coverage expirations. CCMS has provided an updated insurance certificate showing a renewal of its general and excess liability insurance policies that expired on November 24, 2005. All policies are now current.

On March 3, 2006 the Woodbridge Township Building Department issued a Stop Work Order to the Authority on the basis that building permits were not yet obtained for work that was being done on the site. On March 6, 2006 myself, Mike Brinker and Manny Parada met with Woodbridge Township officials including the Mayor, Business administrator, Director of Planning and Development and Building Official at which time it was agreed that the Township would expedite its review of the permit applications, however, would continue to fine the

Authority \$2,000 per day until such time as the building permits are issued. The Township indicated that it would not issue the permits until such time as a final resolution was adopted by its planning board which is contingent upon the board receiving final sign-offs from its engineering and planning consultants. The final sign-offs have now been received and a final resolution is expected from the planning board sometime this week. Once the resolution has been received by the Construction Official, he will commence issuing building permits. In order to protect the Authority's rights, we have filed an appeal to the Middlesex County Construction Board of Appeals from the Stop Work Order. The Authority has received a fine in the amount of \$78,000 from Woodbridge. This matter was discussed with the Board in Executive Session at the last Regular meeting and the Board has given direction on responding to Woodbridge.

Administrative Appeals Re Air Quality Permit and Treatment Works Approval

We have been working with the Authority's consultants and co-counsel on appealing conditions of the Air Quality Permit and Treatment Works Approval that have been issued for the CSP Project. A hearing date has been scheduled for January 2007 regarding the Air Quality Permit appeal. We have been having discussions with NJDEP on resolving the remaining issues on appeal with respect to this permit.

With respect to the Treatment Works Approval, there is one remaining issue in the case and we are attempting to have the case consolidated with the NJPDES appeal so that all remaining issues from both appeals may be considered together. We have been having discussions with NJDEP on resolving the remaining issues on appeal with respect to this permit.

Barnett Street Acquisitions

A surveying error has caused the pipe for the gravity relief sewer to be laid slightly off course and outside of the public right-of-way necessitating the acquisition of two (2) relatively small easements from two private property owners. With the assistance of the contractor, we are preparing the necessary documents for the acquisition of the easements. The contractor will reimburse the Authority for all legal costs incurred. We have communicated with the two affected property owners and they are cooperating in conveying to the Authority the required easements.

Miscellaneous

Methane Gas from City of Linden Landfill

The City's consultant has recently presented its report and calculations to the City Engineer and we have been provided with those calculations along with the report and have shared them with RVSA staff. RVSA staff has been reviewing the documentation in order to determine the level of the Authority's interest in entering into an agreement with the City for the methane gas given the quantity of gas that exists as reflected in the pump test calculations.

Mr. Brinker noted that he doesn't hold out much hope on this, as they don't have sufficient gas for a long-term contract.

NJPDES Permit Appeal

Met with NJDEP and have been able to resolve most of the outstanding issues and have made significant progress on the remaining issues. We are attempting to have the case consolidated with the TWA appeal so that all remaining issues from both appeals may be considered together.

Miscellaneous Contracts

Reviewed the draft Request for Proposals prepared by CDM for the biosolids reuse and hauling contract. Performed legal research and had several meetings and telephone conferences with Mike Brinker and CDM regarding issues involving the biosolids reuse and hauling contract.

Privatization/Contract Operations

We have been in contact with the Authority's bond counsel with respect to issues regarding the Authority's current financing and any impact that privatization/contract operations may have on same. Bond counsel has issued a report for the Board's consideration at the July Regular meeting.

Mrs. Papen stated that there are payments every month on the Bills List, and asked how much more work is necessary to be done by Mr. Hak and others in this regard.

Mr. Hak responded that it depends on how far the Board decides to go with it. He added that the last piece to be addressed with regard to the presentation was to reach out to Bond Counsel, to find out how privatization will affect the bonds. He noted that Bond Counsel is present this evening, and has issued a report in this regard.

Mr. Hak also noted that if the Board wishes to go ahead, then there will be the need to draft the RFQ and RFP. However, he noted, that at this point in terms of educating the Board, they are done. Mrs. Papen asked who will be responsible for providing information on the cost effectiveness. Mr. Hak stated that the only way to do this is to go out for RFP's. Mrs. Papen stated that will cost about \$500,000 and didn't think we should spend that much to find out its not feasible. She added that she felt there were other ways to do this.

The Chairman asked Virginia Edwards of Connell Foley, the Authority's Bond Counsel to present her report to the Board.

Ms. Edwards stated that she prepared the following report on the Overview of Issues Pertaining to a Management Contract:

“In connection with the bonds, both public and private, that Rahway Valley Sewerage Authority (the “Authority”) has issued over the last several years to finance the cost of design and construction of the CSP Project, the Authority has entered into an agreement, entitled “Tax Regulatory Agreement”, in which it has obligated itself to utilize the bond proceeds in accordance with certain federal tax law requirements applicable to tax-free

bonds.

These federal tax law requirements, more particularly discussed in the Tax Law Memorandum attached hereto, essentially limit the use of bond proceeds or publicly financed property by a non-governmental person for a private use. The concept of private use under federal tax law is broad enough to include a management contract that provides for actual or beneficial use of the financed project by any person that is not either a state or local government.

Although the federal tax law requirements limit the terms of a management contract, they do not prevent the Authority from entering into a management contract provided that its terms comply with the tax law's restrictions and do not result in the creation of a non-compliant private use.

Accordingly, the Tax Regulatory Agreement allows the Authority to enter into a contract with a non-governmental entity providing that: (i) the compensation is reasonable and (ii) the compensation is not based on a share of net profits from operation of the financed project. As to the second of these requirements, it should be noted that compensation based on a percentage of gross revenues of the facility, or on a percentage of expenses from a facility (but not both), or a capitation fee, or a per unit fee, or a productivity reward equal to a stated dollar amount based on increases or decreases in gross revenues or reductions in total expenses (but not both) in any annual period during the contract are generally not considered to be based on a share of net profits.

The Tax Regulatory Agreement also describes specific types of permissible compensation arrangements, the most pertinent of which are the "95% periodic fixed fee arrangement" (with an optional additional provision of a one-time incentive award) and the "80% periodic fixed fee arrangement".

These requirements and arrangements are also more particularly discussed in the attached Tax Law Memorandum.

Furthermore, the term of the management contract must not exceed the lesser of: (i) 80% of the reasonably expected useful life of the facility and 15 years, in the case of the 95% arrangement, and (ii) 10 years in the case of the 80% arrangement.

The project manager also must not have any role or relationship with the Authority that, in effect, substantially limits the Authority's rights to cancel the management contract. Examples of a prohibited relationship would be one where more than 20% of the voting power of the Authority were vested in the manager and its directors, officers, shareholders and employees, or one where the executives for the Authority and for the manager overlap or the member of the Authority's and the manager's governing bodies overlap.

There is an IRS Revenue Procedure 97-13; more particularly described in the Tax Law Memorandum attached hereto, which sets forth conditions under which a management

contract does not result in private business use. The Authority should follow the requirements of this IRS Revenue Procedure in preparing any management contract that may be entered into between itself and a service provider. Accordingly, the Authority's good faith effort to comply with this Revenue Procedure reasonably can be expected to result in compliance with the requirements of federal tax law and the Tax Regulatory Agreement prohibiting private use of some or all of the Authority's operations.

Ms. Edwards stated that as indicated in her report, there is language included in the Bonds which addresses private use, however, in her opinion, the Authority is talking about entering into a management contract which would have to go through a "Revenue Use" analysis procedure. Ms. Edwards continued on to say that there are three components to that procedure and believes that the management contract will comply with the Revenue Use and therefore, Connell Foley would be able to provide a tax letter noting compliance.

After brief discussion, Ms. Edwards thanked the Board for their time; and Mr. Hak resumed presenting his report to the Board.

Occidental Chemical/Tierra Solutions – Potential litigation

We attended a presentation on July 12, 2006 with Mike Brinker and Bob Materna regarding the Notices of Potential Lawsuit that the Authority recently received from Occidental and Tierra. Further details will be discussed with the Board in Executive Session.

Contract #145 – Renovation of old laboratory/administration building:

Sent letter to W.D. Snyder regarding delay in completion date. Further details will be discussed with the Board in Executive Session.

Report of the Construction Manager

Mr. Parada of Consolidated Construction Management Services (CCMS) addressed the Board with regard to the ongoing construction at the treatment plant and offered the following reports:

Contract #105 – Cogeneration/Sludge Drying Facility - Work Completed this Period

1. Site work: The balance of site work, including restoration, plantings and cleanup will be done shortly.
2. Building Construction: The finish work remains on hold until the major mechanical work is completed. The roofing membrane has been completed but not accepted.
3. Plumbing work: Plumbing work is essentially complete. Fixtures will be set at the same time as the finishes are being done.
4. Fire Protection: Work has started on this pipe loop system.
5. Process Equipment: The gas compressor, gas blending system, pneumatic sludge system and the carbon bed absorber systems are not yet installed. All other major mechanical devices are installed and are being piped and wired.

6. Process Mechanical Piping work: Pipe insulation is 55% completed throughout the building. The cooling water system is now completed as is the plant hot water system.
7. Electrical work is ongoing, specifically the 13.2 KV cable is essentially completed but not fully terminated. Control wiring also continues and is nearing completion. PSE&G has energized the new feed up to their meter. GE/Zenith is testing their switchgear and will energize that gear shortly.

Summary of Major Project Issues

There are a number of significant issues which will impact the present schedule and the project cost. These are summarized below:

1. The Gas Compressor System was re-submitted and was still not acceptable. The system, which is in fabrication at the Contractor's risk, is being modified to address these concerns. This system will be ready for the substantial completion date of November 15, 2006 for use of all fuels.
2. Explosion Impact Measures: The explosion mitigation costs have been presented and are being negotiated. The system will be operational by November 15, 2006 when the sludge dryer is operational. This issue has been resolved and will not impact operations.
3. Fire Protection System: The DCA has approved the system and work has started. This will not impact the start up.
4. Sequence of Operations: The current O&M Manual has been transmitted to RVSA and includes the Sequence of Operations. The O&M Manual will continue to be updated through the start up of the various systems.
5. Partial Utilization: The intent of the time extension was to allow for the running of the engines under natural gas by September 30 to meet the JCO requirements. In order to accomplish that, the engine room would need to be completed and occupied by RVSA. Recently, safety concerns have been expressed as well as occupancy issues regarding the building permit have emerged. We continue to work with the Woodbridge Building Department to determine the possibility of a partial Certificate of Occupancy without completing the entire building to their satisfaction. Additionally, we are attempting to address the safety concerns expressed by RVSA with a partial utilization of the building. These issues have recently surfaced. We will update the Board as the issues are worked out with both parties.

These items will be updated monthly, and additional items added if need be.

Contract #155 – CSP WWTP Improvements - Summary of Present Status:

1. Contract Administration: The Contractor, E.E. Cruz, continues to submit RFI's and shop drawings. A total of 916 shop drawings have been submitted to date. There have been 142 formal requests for information.
2. Earthwork: Excavation for the Grit area of the Headwork's has started. The sheeting for PST-4 has also started. Excavated material has been disposed of off-site as either clean fill or as ID-27 as determined by the Soils Sampling program. The soil in the area of PST-4 will mostly be clean soil not subjected to ID-27 regulations.

3. Contaminated Soils: Soil disposal continues at the site in Bucks County, PA that is willing to accept the non-hazardous industrial waste from this site. Recently, 2428 tons of this soil was removed and sent to the disposal site.
4. Foundations, Site Piping and Concrete: Concrete work is ongoing at the Headwork's, the Effluent Filters, and the RAS Pump Station. There has been 17,197 cubic yards of structural concrete poured to date, 3,049 cubic yards in June. Site piping work is ongoing. During the shutdown, the 24-inch and 42-inch RAS lines were constructed between the clarifiers. The 60-inch Secondary influent pipe was also completed. Site process drains, storm sewers and embedded piping within the structures also continues. Progress remains better than anticipated.
5. Mechanical and Electrical: Electrical work includes installing branch and feeder work at the Pump and Blower Building. Transformers and Motor Control Centers are being installed. The Screw Pumps on the Effluent Pump Station have been installed.
6. Value Engineering (VE) items are listed in a memo submitted to the Authority.

Special Comments:

1. In order to keep the RVSA apprised of the status of Allowance 17A, we will include our Potential Field Change (PFC) log. A current copy of this log is included with this report although there have been no changes from the previously reported changes.
2. The NJDEP approved shutdown of Clarifiers 3 and 4 has been successfully completed.

Contract #156 – CP Gravity Relief Sewer - Summary of Present Status:

1. The Tunneling Operations are now complete.
2. Final restoration of the wetlands continues and is progressing well.
3. Work on the Diversion Chamber nears completion. The base slab, walls and top slab concrete is complete. Minor interior finish work remains. We are waiting for a full cure of the concrete top slab prior to backfilling and allowing traffic loads on the structure.
4. Final paving is completed on the City owned street east of Routes 1&9. Final paving on the County owned streets west of 1&9 will be several months away as the County desires a six month wait prior to the application of the final pavement.

Special Comments:

1. The claims for the extra costs associated with the slower than expected progression of work were denied by CCMS. The Contractor was informed in writing that we will not recommend any additional payments for these claims. The Contractor has requested a re-evaluation of the claim by CCMS. We have performed a detailed analysis and find no basis for a differing site condition and the production claims have similarly been found without merit. As such, CCMS has again denied these claims.
2. We continue negotiating with the Contractor to have the final connection and closure of DSN 004 removed from his Contract and added to the Contract 155 Scope. This is necessary since the Gravity Relief Sewer Contractor will be completed two years before the treatment plant can accept the flow through the relief sewer. It is more appropriate to have the Contract 155 contractor perform this work to coincide with the completion of the plant work. The Contractor for Contract 155 has presented a higher cost than the bid item from the Contractor from 156. This matter remains pending; however, the Contract

156 Contractor has indicated that he is not willing to increase the value of the line item to reflect more realistic costs.

Mr. Venturo asked Mr. Parada if the roof that was installed on the Cogeneration Plant the roof that was specified. Mr. Parada said it was not and the reason for the change was related to value engineering cost savings. Mr. Venturo asked if you can walk on this roof or do you have to prepare pads and walkways in order to prevent puncturing the roof. Mr. Parada said you can not walk on the roof but there will be walkways installed on the roof for that purpose.

Mr. Kennedy said he did not hear the answer, why the roof was changed and is it as fragile as Mr. Venturo is indicating. Mr. Parada stated that the roof was changed from that which was originally specified in conjunction with cost savings suggested in the value engineering study. The roof which was installed was approved by the consulting engineer, however, does appear to be different that the samples that were provided to us. Mr. Parada continued on to say that he can't say how strong it is, but you can walk on it, he did note however, you could also stab a whole in it with a knife.

Committee Reports

The Chairman asked if there were reports from any of the following Committees:

Engineering Committee (Frank Mazzarella, Chairman)

Mr. Chin stated that no meeting was held this month.

Finance Committee (Charles Lombardo, Chairman)

Mr. Lombardo stated that a Finance Committee Meeting was held earlier this evening, at which time the Bills and Claims were reviewed and other matters were discussed. Necessary action will be taken later in the meeting.

Personnel Committee (Allen Chin, Chairman)

Mr. Chin stated that a Personnel Committee meeting was held earlier this evening. Action on one matter was addressed earlier in the meeting under New Business.

Commissioner Handbook Committee (Thomas J. McHale, Chairman)

No report.

Computer Committee (C. Clark Landale, Chairman)

No report. Mr. Lombardo stated that he recently experienced major problems with his computer and added that Mr. Poltz, the RVSA MIS Manager responded promptly and resolved the problems expeditiously. Mr. Lombardo wished to commend him on his work.

Insurance Review Committee (Allen Chin, Chairman)

Mr. Chin stated that an Insurance Review Committee meeting was held earlier this evening and that award of the insurance was done previously under New Business.

Legal Committee (Joan Papen, Chairwoman)

No report.

Nominating Committee (Robert G. Luban, Chairman)

No report.

Public Relations Committee (Joan Papen, Chairwoman)

No report.

Retreat Committee (Allen Chin, Chairman)

No report.

Search Committee (Allen Chin, Chairman)

No report.

Security Committee (James J. Kennedy, Chairman)

Mr. Kennedy stated that he met with Mr. Brinker after the last meeting at which time he was briefed on security issues. He noted that the staff is presently installing additional cameras throughout the plant and that the necessary equipment to repair the recently damaged front gate is on order.

Open the floor to the Public for questions or comments

The Chairman asked if there was anyone in the audience who wished to address the Board. Mr. Anthony Gencarelli, RVSA Manager of Regulatory Compliance, stated that he wished to make some comments with regard to contract operations.

Mr. Gencarelli stated that he and several other employees are proud to be a public employee/public servant. He noted that they pride themselves on doing their best and to operate the facility as cost effectively as possible for the rate payers. He noted that if a contract operations firm comes in to take over part or all of the facility, their primary responsibility is not to serve the rate payers but to increase profits for their corporation. Profits can be made by the private corporations by deferring maintenance on the Authority's brand new facility – not grease equipment when it needs to be greased or oiled when it needs to be oiled. This is a way for them to save money on materials and labor – which affects the rate payer by reducing the life expectancy of the equipment and replacement of equipment, will be the Authority's

responsibility and back on the rate payers. Mr. Gencarelli gave another example of the pumps which are in the service building which are now 35 years old which still run and operate effectively – because they have been properly maintained by the maintenance staff and will continue to be. However, under contract maintenance, if they don't maintain them and have a pump failure, they will come to the Board and advise that the Authority needs to order a replacement as it will not be covered in the Contract Operations contract.

Mr. Gencarelli added that he feels he is representing the rate payer and added that whether he is an employee or resident of a municipality, he will continue to fight against Contract Operations until the fight is over.

Mr. Gencarelli thanked the board for their time.

Unfinished Business

None.

New Business

The Chairman stated that new Business was held earlier in the meeting.

Mr. Kennedy asked if he could address another item under New Business. The Chairman stated he could.

Mr. Kennedy made a motion, seconded by Mr. Luban, directing Counsel to proceed with the RFQ process for the Authority to move forward with a Public/Private Partnership or Privatization.

Mrs. Papen stated that she thinks the Commissioners forgot something they agreed to at the last meeting and discussed earlier in this meeting when the Commissioners approved the minutes, in that, the Commissioners have yet to meet with the Counsel of the municipalities, which is scheduled to take place in the fall.

Mr. Kennedy stated that there is plenty of time between the RFQ and RFP process to meet with the mayors and added that its already four years too late to consider anything a waste of money at this point in the game.

Mr. Venturo stated that what happened was that the City of Rahway and all the other municipalities have had 25+ years to do corrective I/I studies and improvements in order to separate the storm water from the waste water. If that had been undertaken by the municipalities as they were supposed to, there would never have been a need to do any of the upgrades to the plant. He added that the Authority's facility only treats 22 to 28 mgd, is licensed to treat 40 mgd and is being increased to 105 mgd – all because of storm water.

Mr. McHale said he always looks forward to positive change, however, he added that he has said time and time again, that we have been spending wasted money on studies – like the one we

recently did on the staff and organizational chart. He noted that this is a perfect example, where the study was done, it does not say anything about another staff person but earlier in the meeting, and a motion was passed to create a new position.

Mr. McHale continued on to say that in his opinion, we should let our current staff take over running the new facility. If our staff doesn't perform up to expectations, then the board can pursue a Contract Maintenance Firm, but our staff is aware of the design, the equipment that is due to come on line and how the current facility runs, and a contract maintenance company is not going to work that way – they will do everything to turn a profit and that has to be at someone's expense.

Mr. Kennedy stated that he does not agree with these comments. He added that he does not know what anyone else has privatized; however, the City of Rahway has privatized our water utility with tremendous savings. The employees were not hurt, as a matter of fact; many of them are now under two pension systems. Mr. Kennedy continued on to say that he feels the Commissioners need to vote to move forward with the RFQ's and then the RFP's and the Board will learn a great deal from the different view points of the different proposals.

Mr. McHale said that we are going to spend a great deal of money to obtain RFQ's and RFP's like other Authorities have already done and then not go forward with Contract Maintenance. Mr. Kennedy responded that even if you don't go forward, the proposals will provide valuable information to the Authority.

Mr. Landale stated that we can not go to the RFQ or RFP process without having at least a scope or the requirements of that RFP. Right now we don't have any idea of what the requirements of the new facility will be when it is up and running.

Mr. Materna noted for the record that no provisions were made for an RFQ or RFP included in the 2006 budget. He added that you can amend the budget and go back to the towns for additional funds; however, no monies were included for this study.

Mr. Chin stated that he totally agrees with Mr. Landale in that he feels we are premature. We have not finished construction; we don't know what machinery we will have to maintain, how often, staffing, etc. In order to get comparable proposals, we need to provide them with what they will have to do, staffing requirements, etc. and we don't have that. Therefore, this is quite premature.

Mr. Ventura said that this project is supposed to be completed in December of 2008 and added that after the completion of the project, the processes have been debugged, and one year of running the new facility, that is when an evaluation should be made.

Mr. Brinker said that a few months ago, he and the staff prepared and submitted to the Commissioners a list of 20 questions and to date, has not received a response. Mr. Brinker added that as part of that inquiry, it was suggested that the Board look to the AEA or NJWEA for other Authorities who have considered privatization and opted not to.

Mr. Luban stated that we need to prepare the RFQ so that we have something to discuss because right now we have nothing. It does not mean we have to send it out to anyone.

Mr. Lombardo stated that he agreed but also noted that he would also like to have a meeting with the mayors where we can discuss the pros and cons and get their input.

Mr. Kennedy asked that the Chairman call the vote. The Chairman requested a roll call vote.

<u>AYES</u>	<u>NAYS</u>	<u>ABSENT</u>	<u>ABSTAIN</u>
Cranford	Kenilworth	Clark	
Garwood	Mountainside		
Rahway	Roselle Park		
Springfield	Scotch Plains		
Woodbridge	Westfield		

As the vote was 5 to 5, the motion was defeated.

Mr. Kennedy noted that he will not bring it up again, however, will support it if it is brought up by someone else.

Bills and Claims

Mr. Lombardo made a motion, seconded by Mr. Chin, that the following bills and claims previously audited by the Finance Committee be ordered paid.

BUILDING & EQUIPMENT FUND

CHECK #	DATE	VENDOR	LINE/ACCT#	AMOUNT
2152	06/27/06	NORTHEAST REMSCO CONSTRUCTION	140.8	14,700.00
2153	07/20/06	ARGENT ASSOCIATES LLC	140.2/7/8	2,272.50
2154	07/20/06	CONSOLIDATED CONSTRUCTION MGT.	140.2/7/8	380,985.14
2155	07/20/06	EE CRUZ COMPANY INC.	140.7	7,040,073.06
2156	07/20/06	J.H. REID, GENERAL CONTRACTOR	140.2	306,407.60
2157	07/20/06	NORTHEAST REMSCO CONSTRUCTION	140.8	150,040.94
2158	07/20/06	PAULUS, SOKOLOWSKI & SARTOR, LLC	140.2/7	7,311.00
2159	07/20/06	SPECTRASERV INC.	140.3	55,211.19
2160	07/20/06	VERIZON SELECT SERVICES	140.7	1,994.10
2161	07/20/06	W.D. SNYDER COMPANY	140.1	171,629.36

Total Building & Equipment Fund Checks: 10
Total Void Checks: 0
Total Amount Void: \$0.00
Total Amount Paid: \$8,130,624.89

OPERATING FUND

CHECK #	DATE	VENDOR	LINE/ACCT#	AMOUNT
32089	06/16/06	WACHOVIA BANK	18	205.00
32090	06/21/06	NATIONAL FUEL OIL, INC.	32	944.59
32091	06/21/06	THOMPSON PUBLISHING GROUP, INC.	13	418.50
32092	06/23/06	BJ'S WHOLESALE CLUB	52	35.00

32093	06/28/06	ADP, INC.	03	162.72
32094	06/28/06	CANON FINANCIAL SERVICES, INC.	16	959.87
32095	06/28/06	CITY OF RAHWAY, UNITED WATER RESOURCES	33	8,092.76
32096	06/28/06	COGENT COMMUNICATIONS, INC.	27	99.00
32097	06/28/06	DELTA DENTAL PLAN OF NJ	03	5,588.80
32098	06/28/06	ELIZABETHTOWN GAS	22	202.08
32099	06/28/06	FEDEX	48	113.13
32100	06/28/06	NJ MOTOR VEHICLE COMMISSION	35	71.50
32101	06/28/06	PSE&G	19/42	29,170.52
32102	06/28/06	RAHWAY VALLEY SEWERAGE AUTHORITY	01/02	253,789.56
32103	06/28/06	RELIANT ENERGY SOLUTIONS	19	45,833.33
32104	06/28/06	SANDY'S FRUIT BASKETS & FLORIST	18	108.00
32105	06/28/06	STANDARD INSURANCE COMPANY	03	2,222.56
32106	06/28/06	UNITED PARCEL SERVICE	48	20.43
32107	06/28/06	VERIZON	11/30	292.31
32108	06/28/06	VERIZON WIRELESS	11	452.08
32109	06/30/06	DELL SERVICE SALES	27	129.00
32110	06/30/06	ROBERT POLTZ	27	71.86
32111	07/03/06	VISION SERVICE PLAN	03	1,213.94
32112	07/17/06	PETTY CASH	14	392.78
32113	07/20/06	A&M INDUSTRIAL SUPPLY COMPANY	32	417.84
32114	07/20/06	A TOUCH OF ITALY	49	102.00
32115	07/20/06	ADP, INC.	16	1,889.62
32116	07/20/06	ADVANCED SPECIALTY SALES, INC.	32	2,037.91
32117	07/20/06	AIRGAS SAFETY, INC.	31	1,270.26
32118	07/20/06	ALL AMERICAN SEWER SERVICE, INC.	47	10,920.00
32119	07/20/06	AMERICAN INDUSTRIAL SUPPLY CORP.	32	658.40
32120	07/20/06	APPLIED ANALYTICS, INC.	32	300.00
32121	07/20/06	AQUATIC SCIENCES CONSULTING	41	4,020.00
32122	07/20/06	ARCH WIRELESS	11	11.19
32123	07/20/06	ASSOCIATED AUTO PARTS	32/44	292.43
32124	07/20/06	BABBITT INTERNATIONAL INC.	32	232.24
32125	07/20/06	BOWCO LABORATORIES, INC.	47	63.00
32126	07/20/06	CARUS CHEMICAL	32	2,399.69
32127	07/20/06	CDW GOVERNMENT, INC.	27	143.60
32128	07/20/06	CENTRAL JERSEY SUPPLY COMPANY	32	238.30
32129	07/20/06	CHROMATE INDUSTRIAL CORP.	32	436.39
32130	07/20/06	CITRIX SYSTEMS, INC.	27	800.00
32131	07/20/06	CITY OF RAHWAY	33	7,115.06
32132	07/20/06	CLEAN RENTAL SERVICES, INC.	32	778.00
32133	07/20/06	COGENT COMMUNICATIONS, INC.	27	1,074.00
32134	07/20/06	COMMERCE BANK	09	19,882.50
32135	07/20/06	COOPER ELECTRIC SUPPLY COMPANY	32/38	1,976.74
32136	07/20/06	CORRECT TEMP, INC.	32	382.65
32137	07/20/06	COSPER ENVIRONMENTAL SERVICES, INC.	41	1,100.00
32138	07/20/06	CUNY & GUERBER, INC.	32	2,352.07
32139	07/20/06	D2L ASSOCIATES, INC.	42	2,240.00
32140	07/20/06	DAVID WEBER OIL COMPANY	34	1,749.00
32141	07/20/06	DELL MARKETING L.P.	27	113.79
32142	07/20/06	DORR-OLIVER EIMCO USA, INC.	32	1,794.11
32143	07/20/06	ELIZABETHTOWN GAS	22	8,229.33
32144	07/20/06	EMSE CORPORATION	38	2,351.72
32145	07/20/06	EMSL ANALYTICAL INC.	40/41	2,938.00
32146	07/20/06	ENVIRONMENTAL COMPLIANCE	41	16,255.72
32147	07/20/06	ENVIRONMENTAL RESOURCE ASSOCIATION	40	726.24
32148	07/20/06	EVEREADY EXPRESS	48	48.19
32149	07/20/06	FEDEX	48	151.24

32150	07/20/06	FISHER SCIENTIFIC	40	4,119.62
32151	07/20/06	FLUID DYNAMICS INC.	32	1,312.77
32152	07/20/06	FOLEY, INCORPORATED	34	497.65
32153	07/20/06	GENSERVE INC.	34	8,495.75
32154	07/20/06	W.W. GRAINGER, INC.	32/38	1,925.58
32155	07/20/06	GARY W. GRAY TRUCKING, INC.	26	8,957.76
32156	07/20/06	GREAT LAKES ENVIRONMENTAL	41	559.23
32157	07/20/06	JOANNE GRIMES	18	26.47
32158	07/20/06	H&D LINDEN MOTORS, INC.	44	107.90
32159	07/20/06	HACH COMPANY	40	1,770.50
32160	07/20/06	HALL & ASSOCIATES	08	7,312.75
32161	07/20/06	HAYES PUMP INC.	32	3,286.25
32162	07/20/06	HOME DEPOT CREDIT SERVICES	32	508.37
32163	07/20/06	JACOBSON DISTRIBUTING COMPANY	32	349.00
32164	07/20/06	JERSEY ELEVATOR COMPANY INC.	32	833.12
32165	07/20/06	JOE ROMER TROPHY SHOP	49	75.98
32166	07/20/06	THE LEE CO.	32	1,649.16
32167	07/20/06	LONGO ELECTRICAL-MECHANICAL, INC.	32	923.00
32168	07/20/06	MCMASTER-CARR SUPPLY CO.	32	1,764.64
32169	07/20/06	MICHAEL RICHARD WASTEWATER	40	350.00
32170	07/20/06	MODERN HANDLING EQUIPMENT OF NJ	32	35.22
32171	07/20/06	MOTION INDUSTRIES, INC.	32	506.38
32172	07/20/06	NATIONAL FUEL OIL, INC.	20	14,545.83
32173	07/20/06	NEW PIG CORPORATION	31	411.27
32174	07/20/06	NJ STATE LEAGUE OF MUNICIPALITIES	13	18.00
32175	07/20/06	NATIONAL SAFETY COUNCIL	52	275.00
32176	07/20/06	NW FINANCIAL GROUP	08	4,197.50
32177	07/20/06	O'JOHNNIES, INC.	13	569.95
32178	07/20/06	ONE CALL SYSTEMS, INC.	32	35.38
32179	07/20/06	OUTSTANDING SERVICE CO., INC.	32	309.90
32180	07/20/06	PAULUS, SOKOLOWSKI & SARTOR, LLC	05/06/08	9,885.57
32181	07/20/06	PEREGRINE TECHNICAL SERVICES	40/41	3,735.00
32182	07/20/06	PITNEY BOWES	16	324.00
32183	07/20/06	POLAND SPRING WATER COMPANY	46	147.69
32184	07/20/06	POLYDYNE INC.	23	35,916.80
32185	07/20/06	PRECISION ELECTRIC MOTOR WORKS	32	300.00
32186	07/20/06	PSE&G	19/42	325.89
32187	07/20/06	RAHWAY VALLEY SEWERAGE AUTHORITY	01/02	67,003.99
32188	07/20/06	ROBERT SAFCHINSKY	31	149.98
32189	07/20/06	SAFETY-KLEEN CORP.	32	427.42
32190	07/20/06	SEVERN TRENT PIPELINE SERVICES	30	28,111.00
32191	07/20/06	SIMPLEX GRINNELL	32	614.25
32192	07/20/06	SPECTRASERV INC.	25	155,767.40
32193	07/20/06	STAPLES BUSINESS ADVANTAGE	13	16.29
32194	07/20/06	STAR LEDGER	12	1,607.52
32195	07/20/06	STORR TRACTOR COMPANY	32	78.06
32196	07/20/06	TANNER ENGINEERING ASSOCIATES	32	198.00
32197	07/20/06	THE SPI GROUP, LLC	27	50.00
32198	07/20/06	THOMAS SCIENTIFIC	40	60.00
32199	07/20/06	UNITED PARCEL SERVICE	48	64.00
32200	07/20/06	UNITED STATES PLASTIC CORP.	40	178.73
32201	07/20/06	UNIVAR USA INC.	29	57,572.18
32202	07/20/06	US BANK, NA	09	34,920.00
32203	07/20/06	SIEMENS WATER TECHNOLOGIES (US FILTER)	40	881.00
32204	07/20/06	VAUGHAN CO.	32	3,025.00
32205	07/20/06	VERIZON	11/30	1,023.71
32206	07/20/06	VERIZON WIRELESS	11	483.50

32207	07/20/06	WACHOVIA BANK, NA	09	90,900.00
32208	07/20/06	WATER RESOURCE SALES & SERVICE	32	905.00
32209	07/20/06	WEINER LESNIAK	07/08	32,621.71
32210	07/20/06	WELCO GAS TECHNOLOGIES	32	176.72
32211	07/20/06	WESTFALIA SEPARATOR, INC.	32	3,321.38
32212	07/20/06	WOODRUFF ENERGY	22	169.66
32213	07/20/06	X-ERGON	32	272.48
32214	07/20/06	YOUR TOPS, INC.	32	197.50

Total Operating Fund Checks: 126
Total Void Checks: 0
Total Amount Void: \$0.00
Total Amount Paid: \$1,045,241.91

Total All Checks: 136
Total Void Checks: 0
Total Amount Void: \$0.00
Total Amount Paid: \$9,175,866.80

FUND DESCRIPTION	FUND #	FUND TOTAL
OPERATING FUND	6-01	\$1,045,241.91
BUILDING & EQUIP FUND	6-02	\$8,130,624.89
TOTAL ALL FUNDS		\$9,175,866.80

Closed Session

Mr. Chin made a motion to go into closed session at this time, 10:02 p.m. to discuss matters related to anticipated litigation based on Attorney/Client privilege. The motion was seconded by Mrs. Berger and unanimously approved.

Mrs. Berger made a motion to return to the regular order of business at this time, 10:27 p.m. The motion was seconded by Mr. Lombardo and unanimously approved.

Mrs. Berger made a motion authorizing Counsel to finalize the necessary action on the property located on Barnett St. in the City of Rahway at a cost of \$2,000.00. The motion was seconded by Mr. Kennedy and unanimously approved.

Adjournment

As there was no further business, on motion of Mrs. Papen, seconded by Mr. Lombardo, the meeting adjourned at 10:28 p.m. The motion was unanimously approved.

Robert J. Materna, Secretary-Treasurer

/jg

Attachments

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