

RAHWAY VALLEY SEWERAGE AUTHORITY

Summary of Minutes

Regular Meeting held August 16, 2007

- Minutes
Approved the minutes of the Regular Meeting held July 19, 2007.
Approved the minutes of the Special Meeting held July 24, 2007.

- Communications
Letter received from the NJWEA Publications regarding Andrew Sasso, RVSA Shift Supervisor.
Letter from Senator Joseph Vitale regarding Bill A4394.
Letter from Murray Montgomery & O'Donnell regarding award of Grant.

- Treasurers Reports
Treasurer's reports for the month of June 2007 were received.

- Interim Executive Director
Sewer Connections 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 Finance and Personnel Committees.

- Unfinished Business
Information regarding the PBS Movie "Thirst".

- New Business
Approved the following: TWA's for the City of Rahway and Township of Springfield.

- New Business (Cont'd.)
Approved the following expenditures: Amend PSA with Paulus, Sokolowski & Sartor on Contract #157 in an amount of \$7,500.00; Award Contract #157-Rebid #1 to low bidder Agia Mason, Inc. in an amount of \$554,500.00.

- Bills and Claims		
<u>Fund Description</u>	<u>Fund#</u>	<u>Amount</u>
OPERATING FUND	7-01	\$996,956.01
BUILDING & EQUIPMENT FUND	7-02	4,645,431.67
CONSTRUCTION FUND	7-04	75,635.55
TOTAL ALL FUNDS		\$5,718,023.23

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Regular Meeting Minutes – August 16, 2007

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 July 17, 2007.

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
Gregg F. David	for the Borough of Kenilworth
C. Clark Landale	for the Borough of Mountainside
Charles Lombardo	for the Borough of Garwood
Robert G. Luban	for the Township of Woodbridge
* James J. Murphy	for the Township of Cranford
Joan Papen	for the Township of Scotch Plains
Peter H. Pelissier	for the City of Rahway
Attilio S. Ventura	for the Borough of Roselle Park

* Arrived after roll call.

The following members were absent:

Allen Chin	for the Town of Westfield
Frank G. Mazzarella	for the Township of Clark

The following were also present:

Michael J. Brinker, Jr., P.E.	Interim Executive Director
Robert J. Materna	Secretary-Treasurer
Don Sharp	Paulus, Sokolowski & Sartor
Brian Hak, Esq.	Counsel

The following were also present:

Manny Parada	CCMS, Construction Manager
James Cassella	Asst. to the Executive Director
Anthony Gencarelli	Manager of Regulatory Compliance
Janet Thevenin	IPP Coordinator
Thomas Watters	Utility Worker
Javier Baez	Process Operator
Steven Issardin	Process Operator
Doug Reno	Process Operator
Wayne Baker	Westfield Leader Newspaper

Suspend the Regular Order of Business

The Chairman stated that Hatch Mott MacDonald (HMM) were in attendance to make a presentation to the Board on their findings and recommendations related to the work they performed on Contract #0721-Evaluation of the User Charge System and Alternative User Charge Methods. He then asked for a motion to Suspend the Regular Order of Business.

Mr. Lombardo made a motion to Suspend the Regular Order of Business. The motion was seconded by Mrs. Papen and unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

* Mr. Murphy arrived at this time 7:32 p.m.

Mr. Russ Johnson, VP, of HMM introduced himself and his colleague Cliff Wilkinson, and stated that during the past few months, HMM performed an evaluation of the Authority's user charge system. A report was prepared based on their findings and includes HMM's recommendations. A copy of the report was provided to each of the Commissioners.

Mr. Johnson noted that the existing system utilizes 19 flow meters which are at various locations within the service area. The flow data from the meters along with BOD and TSS sampling data are utilized to formulate the annual assessments to the member municipalities, in three equal parts.

Additionally, the current formula takes into account inter-municipal adjustments for which homes that are in one municipality flow into another municipality and are credited back based on 300 gpd.

Obviously there are many variables to this system, due to I/I for wet and dry years; analytical testing inaccuracy; etc. The five year moving average helps to smooth out some of these.

We then looked at the Authority's budget, to define the costs for each of the three parts, flow, BOD and TSS, however, the Authority's budget is not set up in this regard. There are other options besides the three equal parts, which we ran graphs on for each of the municipalities over the past nine years. One was to look at billing on only flow, however, the municipalities that have less commercial and industrial base would end up with larger assessments as they would

bear equal cost for the BOD and TSS that is treated. A second scenario is 45% flow, 35% BOD and 20% TSS, or 28/46/26 similar to JMEUC, however, the budget structure is not set up to provide the related costs for either of these scenarios.

The graphs which were based on flow, resulted in large assessment increases for the Township of Cranford. For example, because the negative loads of BOD and TSS in the past helped to reduce their assessment, if it were only based on flow, the assessment would have shown a significant increase.

We are recommending composite sampling which will provide more accurate data. We also recommend installing two new meters for the Borough of Roselle Park, which is presently unmetered and charged based on a flow of 320,000 gpd plus the data from Schering Plough. We also suggest based on data received from various water companies, that the calculation used for inter-municipal adjustments be changed from 300 gpd to 200 gpd per unit.

We asked for information from all the communities, to date, we have only received it from Scotch Plains, Kenilworth and Woodbridge. Other municipalities have advised that they are working on it. The data on inter-municipal connections should be reviewed on a yearly basis and updated accordingly. Additionally, you need to encourage and provide a method for eliminating I/I or no one will work to remediate their systems.

Our recommendation including the new meters and composite sampling will cost an estimated \$70,000.00. The system can be implemented within the next few months for use in your future assessments.

Mr. Ventura asked if there were any questions. Mr. Murphy asked Mr. Johnson to elaborate on inter-municipal adjustments. Mr. Johnson stated that for instance take Clark vs. Cranford, HMM identified 12 structures located in Cranford flowing into Clark and 380 in Clark that are flowing into Cranford; these would be calculated by 200 gpd as opposed to the 300 gpd currently in use, as recommended by

Mr. Pelissier asked if a study of Equivalent Dwelling Units (EDU's) was done for each municipality. Mr. Johnson stated that it was not done as they had difficulty receiving the information from the municipalities.

After further discussion, the Commissioners commended HMM on the report and its contents and thanked them for attending the meeting.

Mrs. Papen made a motion, seconded by Mr. Lombardo, to return to the regular order of business. The motion was unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

Regular Order of Business

Approval of Minutes

Mr. Luban made a motion, seconded by Mr. Lombardo, to approve the minutes of the Regular

Meeting held July 19, 2007. The motion was approved. Mr. Landale, Mr. Murphy and Mr. Pelissier abstained and Mr. Chin and Mr. Mazzarella were absent.

Mr. Luban made a motion, seconded by Mr. Lombardo, to approve the minutes of the Special Meeting held July 24, 2007. The motion was approved. Mr. David, Mrs. Papen and Mr. Pelissier abstained and Mr. Chin and Mr. Mazzarella were absent.

Communications

The following letter addressed to Andrew Sasso, Shift Supervisor, was received July 19, 2007 from Joseph J. Soporowski, Editor, NJWEA Publications:

“Your article “Hydro Power-The Future’s Environmentally Safe Energy” has been included in the Volume 40, Number 3, Summer 2007 issue of New Jersey EFFLUENTS magazine. It is now on the presses, will be mailed to our over 3,000 readers shortly and also become part of the archives in the library system of Rutgers University.

Enclosed for your information and use is a tear sheet copy of your Article, which appears on Page 3 of the New Jersey EFFLUENTS with appropriate credit to you.

Thanks for your informative contribution to our publication.”

Mr. Ventura stated that it’s a great thing to be published, especially in a technical magazine. He added that he would like to have a letter issued to Mr. Sasso commending him on this accomplishment.

Mrs. Papen moved that a letter of commendation be sent to Mr. Sasso. The motion was seconded by Mr. Lombardo and unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

The following letter was received August 1, 2007, from Joseph F. Vitale, Senator for the Legislative District 19:

“Thank you for your recent letter regarding Senate Bill A4393 and Resolution #07-29. Your concerns are very important and I am happy to hear them.

I will be looking over the information you sent and will take it into consideration. I believe that your concerns are very important and should be addressed.

Once again, thank you for contacting me with respect to this matter. Please feel free to contact me if I can be of further assistance in the future.”

The following excerpt was received on August 8, 2007, from Murray, Montgomery & O’Donnell, the Authority’s Washington Lobbyist:

“In the Senate of the United States, May 16, 2007 ... RESOLVED, that the bill from the House of Representatives (HR 1495) entitled “An Act to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes.” Do pass with the following AMENDMENT: #1 #5. Act is as follows:Line 14 “(172) RAHWAY VALLEY, NEW JERSEY. - \$25,000,000 for sanitary sewer and storm sewer improvements in the service area of the Rahway Valley Sewerage Authority, New Jersey.”

A copy of the bill and correspondence were forwarded to the Commissioners for reference.

Report of Treasurer

The Treasurer’s Reports for the month of June 2007 have been distributed to the Commissioners and will be included in the Minutes.

Report of Interim Executive Director

Sewer Treatment Endorsements

The following is a list of Sewer Treatment Endorsements processed between 7/17/07 and 8/09/07:

<u>Number</u>	<u>Date</u>	<u>Applicant</u>	<u>Municipality</u>
984-07-SF	07/26/07	Wm. Blanchard Co.	Springfield
985-07-RW	07/27/07	Carlos & Luciana Estevez	Rahway
986-07-RW	07/27/07	F. Lettini & Sons	Rahway
987-07-SF	07/30/07	Conboy & Mannion Contracting	Springfield
988-07-WB	08/02/07	Palent & Matilsky	Woodbridge
989-07-KW	08/03/07	Dominick Petracca	Kenilworth

Mr. Ventura asked about the first application. Mr. Brinker stated that he did not have the information on this application.

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
 Weiner Lesniak - Monthly
 Hatch Mott MacDonald – Contract #0721–Eval. of User Charge System – Monthly Update

Contract #0721 - Evaluation of User Charge System

Hatch Mott MacDonald made a presentation to the Board earlier this evening on their findings and recommendations.

Mr. Brinker stated that this is not the final report as they are waiting for additional information from the municipalities.

Contract #157 - Brick Rehab on Digesters #1, #2 and #3 – REBID #1

A copy of the Notice to Bidders was posted on the Authority's Web Site, advertised in the Star Ledger and sent to the vendors who had initially submitted bids. Bid packages were purchased by several vendors and bids were received today, Thursday, August 16, 2007. If there is sufficient time to review the bids, related documentation and references, a recommendation will be made to the board at the meeting.

Point of Reference - the initial low bidders (bids received July 17th) and Engineers Estimate are as follows:

<u>Company</u>	<u>Alt. A</u>	<u>Alt. B</u>
FAHS Restoration	\$607,072	No Bid
Hilt Construction	\$720,763	\$635,426
Avalan Contracting	\$668,000	\$678,000
Engineers Estimate - \$539,480.		

The bids received today were as follows:

<u>Company</u>	<u>Alt. A</u>	<u>Alt. B</u>
Agia Mason	\$584,500	\$554,500
FAHS Restoration	\$628,915	\$609,837
Hilt Construction	No Bid	No Bid
Avalan Contracting	\$660,000	\$670,000
A& S Restoration	\$958,360	\$797,840
Engineers Estimate - \$539,480.		

Counsel and the Consulting Engineer have reviewed the bid of the lowest bidder and found it to be in order and recommend awarding the contract to the lowest responsible bidder.

Contract #157 – Engineering Services on Digesters Brick Rehab

PS&S submitted a letter dated August 1, 2007, requesting additional funds related to Contract #157. The request is related to rebidding the contract and the additional engineering activities and expenses including the printing costs which will be incurred. The request is for an additional amount of \$7,500.00, total amended contract amount of \$42,740.00. A copy of PS&S's letter was distributed to the Commissioners and action is on the agenda under New Business.

Annual Report

PS&S finalized the 2006 Annual Report. A copy of the report was forwarded to the Commissioners.

TWA – Rahway

A Treatment Works Application was submitted by the City of Rahway for Lake Avenue Estates to be located on Lake Avenue in the City of Rahway. The application is for the construction of 140 lf of 8” sewer which will service three new single family homes and one replacement home with an anticipated discharge of 900 gpd new flow. I reviewed the application and the performance of the plant for the last 90 days, and I recommend approval.

TWA – Springfield

A Treatment Works Application was submitted by the Township of Springfield for the Township and Keller Kirkpatrick the Township’s Engineering Firm for a the replacement of the Townships Sewer Siphon which crosses the Rahway River. The application is for a replacement in kind and no new flow is associated with this project. I reviewed the application and the performance of the plant for the last 90 days, and I recommend approval.

TWA – Springfield

A Treatment Works Application was submitted by the Township of Springfield for Short Hills Club Village Apartments/Casey & Keller, to be located at 4 Forest Drive in the Township of Springfield. The application is for the construction of 304 lf of an 8” sewer to service 2-20 unit apartment buildings, with an anticipated discharge of 9,000 gpd. I reviewed the application and the performance of the plant for the last 90 days, and I recommend approval.

Report of Consulting Engineer

Mr. Sharp stated that he was filling in for Mr. Wancho this evening and stated that the following report to the Authority’s Board summarizes our activities for the period of July 14, 2007 through August 8, 2007.

JCO Compliance

The second quarter report was finalized and submitted on July 30, 2007 prior to the report milestone date. In addition, PS&S issued letters to all member municipalities on or about July 20, 2007, requesting information regarding any sewer rehabilitation or infiltration/inflow investigation work that may have been conducted within the past year. The JCO requires the Authority to provide a report of these activities to the NJDEP by October 1 of each year. To date PS&S has received responses from Woodbridge, Clark and Kenilworth.

Laboratory Renovation-Contract #145

The contract is currently in the Maintenance Period. PS&S is awaiting direction from the

NJDEP regarding any required loan related follow-up. No activity this period.

Administrative Appeals Re: Air Quality and NJPDES/TWA Permits

PS&S continues to coordinate activities with General Counsel and Special Counsel, Hall & Associates. No activity this period.

Trunk Sewer Rehabilitation-Contract #144

PS&S continues to provide construction observation of the contractor's activities. These activities include the installation of the five bypass pumps, valves, manifold, suction, and discharge piping at Meter Chamber #11, adjacent to Bedford Street. The Contractor has revised the traffic control plan for the third time and still lacks an approval, but appears to have resolved his issues with the County related to the road opening permit.

At the end of July the Contractor encountered a problem in the field. While test pitting to identify the location of a slip lining insertion point it was discovered that the actual location of the trunk sewer is not consistent with the as-built drawings. This is a major problem. PS&S directed the contractor to continue excavation of the trunk sewer to determine the extent of the "misalignment". Further investigation is still required to fully understand the problem as well as some solutions.

At this point we do know that the uncovered bend is not conducive to slip-lining. The straight run segments still can be slip-lined but we are concerned that there may be bends in other sections of the sewer that are scheduled to be slip-lined and we need to confirm this. We will not have a complete picture of this until the contractor has the bypass pumping on-line so that we can drain the line and put a camera in and possibly survey the trunk sewer. The contractor as you may be aware has over 1200 linear feet of slip-lining pipe in the park and we are looking at whether the manufacturer will take some back or whether we can install the pipe by direct bury methods around the pipe bends. It is safe to say that this will likely require additional money to resolve.

The contractor is still, we believe, a good week away from completing the bypass pumping arrangement and at that point we will need to close the park road to initiate it. We are looking at options for a temporary road closure for this work. The Contractor has approval to install the bypass pumping system, but the work has lagged due to the interaction with the County on the traffic control plan, which requires approval by the County prior to the park road closure, that is required when the bypass pumping goes on line. Once the bypass pumping is in place the sewer can be cleaned, televised and hopefully surveyed using GPS or other technology. PS&S has been investigating the most appropriate technology.

Once the pipe has been located, then a plan can be developed for rehabilitation, maximizing the slip-lining sections. At this time a better estimate of additional cost can be developed.

PS&S continues to keep the County advised as to the status and activities required in the park. The project completion date (June 11, 2007) has been exceeded and the Contractor has requested

an extension of time. PS&S is in the process of reviewing this request in light of the current situation.

During the digging of a test pit, it became apparent that the pipe is not as noted on the as built drawings that PS&S was given to work from. So after the pipe is dewatered, a GPS unit will be used to figure out the location of the pipe and decisions will be made as to how to proceed.

A revised traffic plan has been sent to the County for review. Eventually the road will need to be closed.

Wastewater Management Planning

PS&S continues to provide assistance, as needed, related to the Wastewater Management Plan (WMP). PS&S continues to track the WMP process initiated by the NJDEP. As you are aware PS&S provided comments for RVSA signature on the NJDEP proposed adoption of the Authority's WMP.

PS&S has also provided assistance in response to consistency determination questions to the Authority related to the WMP.

Cogeneration Funding

The NJBPU Office of Clean Energy-Renewable Energy Advanced Power Program grant has been awarded to the Authority in the amount of \$500,000. Follow-up discussions have been held with the NJBPU to find out the mechanism for grant reimbursement and it has been indicated that the NJEDA is preparing an agreement that will define the procedures. The NJEDA has been working on the agreement language with the DAG's office and NJBPU has been indicating that the agreement would be finalized and issued shortly. PS&S set up a meeting with the BPU and the NJDEP (NJEIT) to discuss the reimbursement mechanics since all the current project financing comes from the NJEIT and this needs to be coordinated since the contract and corresponding balance are nearing completion. Based on these discussions there is a better understanding on how the program works and with the assistance of the NJDEP the reimbursement requests can be coordinated. The NJBPU representative had questions concerning the use of the digester gas and the blending system since the original grant documentation pre-dated the inclusion of the blender. PS&S has now responded to the NJBPU questions.

Cogeneration Facility-4th Engine Design/Permitting

PS&S and the Authority are proceeding with the preparation of an additional Title V Significant Modification application to modify certain permit monitoring and recordkeeping requirements and to address some potential variability in digester gas characteristics. In addition, PS&S has initiated work on the preparation of an emission test protocol for emission testing from the Sludge Dryer.

Digester Brick Replacement-Contract #157

Project documents were out to bid during June/July and the bid opening was held on July 12, 2007. A total of 5 Bidders submitted bids, 4 of which submitted for both bid alternates for a total of 9 bids. These bids were rejected at the July Board meeting due to issues with the 2 lowest bidders. The Authority authorized rebid of the contract. PS&S therefore revised the documents and issued them for an August 16, 2007 bid date. Local Public Contracts Law requires a minimum 20 day bid period.

General Consulting

PS&S has finalized the 2006 Annual Report.

The Authority received notification from Denunzio Construction, the NJ Turnpike Authority contractor for the Interchange 12 work that they were preparing to move a 75 Ton crane on and adjacent to the RVSA outfall sewer. PS&S was notified by the Authority and ultimately reviewed the plan with Anthony Gencarelli and the contractor. The structural/geotechnical review indicated that there was cause for concern in allowing them to proceed. After some further discussion with the contractor, Denunzio agreed to stay a minimum of 5 feet from the outfall, and utilize matting to distribute the weight loading. PS&S met the contractor in the field to follow-up. Some additional test pitting was requested and PS&S will take some soil samples to confirm if there is further cause for concern with having the crane adjacent to the pipe for what will be an extended period of time.

PS&S was requested to provide assistance related to heating in the Sludge Dewatering Facility. PS&S has developed the heating requirements for the truck loading area and are looking into the option of tying into the plant hot water loop.

Cogeneration/Sludge Drying Facility – Engine Investigation

PS&S continues to assist the Authority and CCMS in follow-up activities related to the engine “backfire” events related to engines #1 and #3. PS&S in addition to participating in project conference calls was involved with the following activities:

Review of inspection and other related correspondence/documentation.

Electrical assistance/coordination related to provision of stand-by power, including meetings and coordination with the contractor.

PS&S prepared and submitted a Title V modification document to cover installation and operation of the temporary generators. Further follow-up with the NJDEP resulted in a preconstruction approval that will allow installation and connection of the temporary generators.

User Charge and Flow Rights Reports

July reports covering June were submitted at the July Board meeting. August reports covering July will be prepared and submitted when all the monitoring data has been received.

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 July 17, 2007 through August 9, 2007.

CSP Improvements & related issuesContracts #155 & #156

Continued to follow up with CCMS regarding insurance coverage expirations. CCMS has provided an updated insurance certificate showing renewals of its general and excess liability insurance policies. All policies are now current.

Administrative Appeals Re: Treatment Works Approval

With respect to the Treatment Works Approval, the final issue on appeal has been consolidated with the appeal that was filed regarding the Authority's NJPDES permit. (See discussion of NJPDES Permit Appeal-Item #1 under "Miscellaneous").

Cogeneration Facility

Reviewed and discussed with Interim Executive Director propriety of potential change orders submitted by contractor and performed legal research relative to same. Also reviewed and discussed with Interim Executive Director CCMS' request for an extension of its contract.

Additionally, we have been in discussions with the Woodbridge Township Planning Department relative to the possibility of obtaining a temporary certificate of occupancy for the cogeneration side of the facility while the dryer side is still being completed. These discussions are ongoing.

Finally, we have been working with the Authority's consultant, Gabel Associates, relative to developing a Request for Proposals for the sale of renewable energy credits that will be generated by the Authority once the cogeneration facility is online.

Caterpillar Engines Explosion Issue

Had numerous discussions with the Interim Executive Director, CCMS and PS&S relative to the issues associated with the explosions of Engines #1 and #3. Performed extensive legal research with respect to legal recourse that the Authority may have against the various parties. Also have had ongoing discussions and dialog with counsel for J.H. Reid as well as Caterpillar/Foley.

Mr. Ventura noted that it has been some time since CAT/Foley has moved their equipment off site and feels that this is going to be a long time before the matter is resolved. He added that he also doesn't think we are going to be burning methane gas in the facility, so the monies spent on the blending equipment, etc. were a waste.

JCO

Reviewed and commented on the Quarterly Report that was prepared by PS&S.

MiscellaneousNJPDES Permit Appeal:

We met with NJDEP and have been able to resolve most of the outstanding issues and have made significant progress on the remaining issues. The case has now been consolidated with the TWA appeal and, therefore, all remaining issues from both appeals will be considered together.

We have recently received from NJDEP its outstanding answers to interrogatories and have provided a response to NJDEP indicating that many of its responses are non-compliant with previous court orders. As a result, another motion for sanctions against NJDEP is currently being prepared by this office.

Miscellaneous Contracts

Reviewed responses to the Request for Proposals relative to the Authority's insurance coverage (Contract #0719) that were recently received by the Authority and have provided a recommendation with respect to same to the Interim Executive Director.

Garwood/Trunk Sewer conflict

Reviewed documents received from the Interim Executive Director and performed legal research regarding a conflict with Garwood's DPW garage and the Authority's trunk sewer line. A title search has been ordered and we are in the process of preparing an agreement to be executed between the Authority and Garwood.

Contract #144-Trunk Sewer Rehabilitation

Had numerous discussions with Authority staff and consultants relative to the contractor continuing the project through the summer months in the area of Rahway River Park. Discussions have been held with the appropriate County officials and the County has agreed to allow the work to continue uninterrupted. This office is working with the County Counsel in preparing an access agreement to be entered into with the Union County Park Commission for purposes of allowing the Authority to access the park in order to continue the work.

I have prepared a resolution to be acted on under New Business related to the access agreement.

Contract #157-Digester Brick Replacement

Reviewed bid documents that were received and made a recommendation to the Board to reject all bids and re-bid the contract. Bids on the re-bid are scheduled to be received on August 16, 2007.

Counsel and the Consulting Engineer noted that they had good responses on the reference checks and therefore recommend award to Agia Mason.

Privatization

We are in the process of assisting the Interim Executive Director in preparing a Request for Qualifications to be issued in September in accordance with the Board's direction.

Report of Construction Manager

Manny Parada of CCMS gave a report on two ongoing contracts.

The following report is on Contract #105, Cogeneration/Sludge Drying Facility:

Work Completed This Period:

The balance of site work, restoration, plantings, cleanup and building construction will be done shortly.

Fire Protection: The new water service from Middlesex Water Company was installed, tested and is fully operational. The fire test performed in July passed the required pressure and flow from Woodbridge Township.

Process Equipment: The engine start up and testing was initiated and resulted in an explosive failure of #1 and # 3 Engines. The sludge dryer testing by the manufacturer was started in April and continued through June, nearing completion of his initial 8 week check out period. The dryer will require an additional eight week check out period starting in early August with product introduced. There have been several delays in the actual start up of sludge drying as the supplier troubleshoots his system.

Process Mechanical Piping is essentially complete at this time.

Electrical work is also nearly complete as the switch gear, MCC's and intertie are all powered.

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:

The length of repairs of the engines and the breeching is not yet known as the full extent of the damage is yet to be agreed to by all parties. Preliminary estimates place the required repair work at a 6 to 8 month interval, from the initial explosions. Work has progressed on the sludge dryer portion of the work.

The following report is on Contract #155, Wastewater Treatment Plant Upgrade

Summary of Present Status

Contract Administration: The Contractor, E.E. Cruz, continues to submit RFI's and shop

drawings. A total of 1336 shop drawings have been submitted to date. There have been 248 formal requests for information.

Contaminated Soils: Non-hazardous industrial dry waste classified soil resumed disposal this past month as the excavation related to the plant drain line encountered some of this soil in the area near the existing grit tanks. The soil is being disposed of at a facility in Bucks County, Pennsylvania that is willing to accept this material. Relatively small quantities were encountered.

Concrete: There has been over 25,000 cubic yards of structural concrete poured to date.

Building Status:

Headwork's: The concrete is complete and the Concrete Masonry Unit construction nears completion. The five raw sewerage pumps are now set in place. All six bar screens are now set into place and the related gate work has progressed. Electrical distribution and branch work is nearing completion in the building as is mechanical piping. The air handling units are now set on the roof. The grit collection mechanisms have been received and are being installed. The grit tank roofs are now on site and will be installed shortly.

Influent Division Box: The walls and slabs are poured. The control gates are now being installed.

Service Building: The masonry wall for the new electrical room work was constructed. The temporary chlorine feed has been installed recently which will allow for the demolition of the existing chemical feed area. The area will house the new boilers, which we anticipate completing before the winter season starts.

Primary Settling Tanks: The final walls and the beams and upper slabs on PST-4 continue to be poured in place. The structural crack repair continues on PST-3. The new collector mechanism pads are being formed now.

Pump and Blower Building: Demolition of the existing Blower #3 (Cooper Engine) is complete and the new #2 blower is set in place. Wiring and piping to the new blower continues and is expected to be completed in August. New blowers #1 and #3 are in service. The sound enclosure for #1 blower was completed and work will start on the #3 enclosure shortly.

Rotary Drum Thickener: Plumbing, electrical and HVAC work continued throughout the building.

Final Settling Tanks: FST 5 and 6 are functional and in service. FST-4 has been taken out of service and the demolition of the sludge collection mechanisms is now complete. The new center column sludge collection mechanism is now on site and should be started shortly.

Return Sludge Pump Station: The entire pump station is nearing completion with only clean up and finish work remaining. Continuous running of the RAS Pump Station is dependent on the successful start up of the Cogen.

Effluent Filters: The traveling bridge filter installations continue and will progress through the end of August. The work on the backwash pump station has also resumed with the setting of the backwash pumps.

Ultraviolet Disinfection: The UV system was functionally tested and found to be working properly. However, the UV system has been shutdown until the aeration tank work is completed, which is anticipated by the end of 2007.

Effluent Pump Station: Final electrical connections are nearly complete which will allow for the use of the pump station should the plant experience high flow events. During a high flow event recently the station was called into use and was successfully run over a 24 hour period.

DSN-001/-002: There was no work performed related to DSN-001 or -002 this past month.

Site Piping: The plant drain work resumed in July and is nearing completion at the Headwork's terminus.

Aeration Basins: The demolition of Aeration Basin #1 piping was completed and the new aeration piping has been started.

Mr. Venturo stated that it should be noted that we are fortunate to have such good workmanship and an excellent contractor performing the work on the large contract here at the Authority. This is quite difficult with the size of the project and all the work that is going on simultaneously.

Mr. Landale left the meeting at this time.

Committee Reports

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

Engineering Committee (Clark Landale, Chairman)

No report.

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. The Bills and Claims will be acted on later in the meeting.

Personnel Committee (Joan Papen, Chairwoman)

Mrs. Papen stated that a committee meeting will be held in September to discuss changes to the Commissioners Handbook.

Mr. Pelissier stated that he had the opportunity to review the table of organization. He then asked that through the Personnel Committee, Mr. Brinker be asked to do a review of all Personnel to see if they are doing what their job description requires. Consider consolidation of positions or hiring consultants if possibly, and compensating the employees based on the work they are performing. Mr. Pelissier said that the Committee should also consider changing Mr. Brinker from the "acting Executive Director" to Executive Director as he is doing a good job and we should move forward with that.

Mrs. Papen stated that Mr. Brinker does meet with each of the Supervisors and reviews them prior to raises, which are given at the end of the year. She added that the Commissioners will be given a copy of the salaries, the salary ranges of the employees.

Mr. Pelissier stated that he wasn't familiar how the Authority worked, whether the Executive Director set forth the position descriptions or whether the Commissioners had a say.

Mr. Venturo noted that in the past there has been a review of the organization with a description of their duties and recommendations related to salary range.

Sludge Management Committee (Frank Mazzarella, Chairman)

No report.

Legal Committee (Joan Papen, Chairwoman)

No report.

Public Relations Committee (Rosalie Berger, Chairwoman)

No report.

Unfinished Business

Chairman: As discussed at the July 19, 2007 meeting, Mr. Gencarelli asked if he obtained a copy of the PBS Movie "Thirst" if arrangements can be made for the Commissioners and others to view the movie. The Board agreed. I have been advised that Mr. Gencarelli has obtained a copy of the film. The film is approximately 72 minutes long. The movie has tentatively been scheduled to be shown prior to the September Regular Meeting, starting at 5:30 p.m. Discussion will be held at the conclusion of the film.

New Business

The following Resolution #07-35 was offered by Mr. Pelissier, on motion of Mr. Pelissier, seconded by Mr. Lombardo and unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

RESOLUTION #07-35

WHEREAS, the Rahway Valley Sewerage Authority previously approved Resolution #05-87 in November 2005 and related Agreement, Contract #157A/E, for the purpose of engaging Paulus, Sokolowski & Sartor (PS&S), 67A Mountain Blvd. Ext., Warren, NJ, for Professional Services specifically related to, Contract #157 Brick Replacement on Digesters #1, #2 and #3; and

WHEREAS, the Authority has determined that there is a need to amend this agreement to provide for additional services related to the rebidding of the contract; and

WHEREAS, Paulus, Sokolowski & Sartor submitted documentation reflecting the need for additional monies related to the additional scope on this contract; and

WHEREAS, the additional amount to be authorized for this Contract is \$7,500.00; and

WHEREAS, the Secretary-Treasurer of the Authority, who is the Chief Financial Officer, hereby certifies that the necessary funds for said contract are available in the 2007 Annual Budget.

NOW, THEREFORE, BE IT RESOLVED by the Rahway Valley Sewerage Authority that the previously adopted Resolutions and related Agreements with Paulus, Sokolowski & Sartor in an amount of \$35,240.00 be and are hereby amended to provide for the increased contract amount of \$7,500.00, total contract not to exceed \$42,740.00; and

BE IT FURTHER RESOLVED that the Chairman and Secretary are authorized to execute an amendment to the Professional Service Contract previously entered into; and

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

Mr. Luban made a motion to award Contract #157 – Rehabilitation of the Digesters #1, #2 and #3-REBID #1 for Alt. B, to the lowest responsible bidder, Agia Mason of Farmingdale, NJ, in an amount of \$554,500.00, as recommended by Counsel and the Consulting Engineer. The motion was seconded by Mrs. Berger and unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

Mrs. Papen made a motion, seconded by Mr. Lombardo, to approved Change Order #8 on Contract #105 Cogeneration/Sludge Drying Facility in an amount of \$156,535.74 to J.H. Reid Construction. The motion was unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

The following Resolution #07-36 was offered by Mrs. Berger, on motion of Mrs. Berger, seconded by Mr. Murphy and unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

RESOLUTION #07-36

WHEREAS, the Township of Springfield and Keller & Kirkpatrick the Township's Engineering Firm filed an application for a Treatment Works Application, for a project consisting of replacing the existing siphon crossing the Rahway River in the Township of Springfield, State of New Jersey; and

WHEREAS, the application is for the construction of a new interceptor sewer siphon to replace the existing siphon, of which no new flows are associated with this project; 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.

The following Resolution #07-37 was offered by Mrs. Berger, on motion of Mrs. Berger, seconded by Mr. Murphy and unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

RESOLUTION #07-37

WHEREAS, the Township of Springfield filed an application for a Treatment Works Application on behalf of Casey & Keller and Short Hills Club Village Apartments, for apartments to be located at 4 Forest Drive in the Township of Springfield, State of New Jersey; and

WHEREAS, the application is for the construction of 304 lf of 8" sewer to service 2-20 unit 2 bedroom apartment buildings with a proposed additional flow of 9,000 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.

The following Resolution #07-38 was offered by Mr. Pelissier, on motion of Mr. Pelissier, seconded by Mr. Lombardo and unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

RESOLUTION #07-38

WHEREAS, the City of Rahway filed an application for a Treatment Works Application on behalf of Guarriello & Dec Associates and Lake Avenue Estates, for a major subdivision located on Lake Avenue in the City of Rahway, State of New Jersey; and

WHEREAS, the application is for the construction of 140 lf of sanitary sewer with two manholes to service a three new single family homes and one replacement home with a proposed additional flow of 900 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.

The following Resolution #07-39 was offered by Mr. Luban, on motion of Mr. Luban, seconded by Mrs. Berger and unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

RESOLUTION #07-39**AUTHORIZING THE EXECUTION OF A CERTAIN ACCESS AGREEMENT BETWEEN THE RAHWAY VALLEY SEWERAGE AUTHORITY AND THE UNION COUNTY PARK COMMISSION FOR WORK IN CONNECTION WITH RAHWAY VALLEY SEWERAGE AUTHORITY CONTRACT #144 – TRUNK SEWER REHABILITATION**

WHEREAS, the Rahway Valley Sewerage Authority (the “Authority”) seeks to facilitate the work outlined in the specifications of Authority Contract #144-Trunk Sewer Rehabilitation (the “Contract”); and

WHEREAS, it is necessary to execute an access agreement (the “Agreement”) with the Union County Park Commission in order to carry out the completion of the Contract work; and

WHEREAS, the Authority and the Union County Park Commission have agreed to certain terms and conditions as contained in the Agreement and now desire to execute same.

NOW, THEREFORE, LET IT BE RESOLVED by the governing body of the Rahway Valley Sewerage Authority, County of Middlesex, State of New Jersey as follows:

1. The Authority hereby authorizes the execution of the Agreement with the Union County Park Commission in connection with the work associated with Contract #144–Trunk Sewer Rehabilitation and such Agreement being attached hereto and incorporated herein.
2. A true copy of the Contract and the Agreement shall be made available for public inspection at the offices of the Authority, 1050 Hazelwood Avenue, Rahway, New Jersey between the hours of 9:00 am and 3:00 pm, prevailing time beginning on the date the required legal notice appears in the official newspaper of the Authority. Any and all other statutory mandates shall be fulfilled as they may apply to the purpose of this Resolution.
3. All appropriate Authority officials and personnel are authorized to prepare all documents and perform all tasks that will affect the purposes of this Resolution.
4. This Resolution shall take effect immediately and/or as required by law.

Bills and Claims

Mr. Lombardo made a motion, seconded by Mrs. Papen, that the following bills and claims previously audited by the Finance Committee be ordered paid. The motion was unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

BUILDING & EQUIPMENT FUND

CHECK #	DATE	VENDOR	LINE/ACCT#	AMOUNT
2232	08/16/07	ARGENT ASSOCIATES LLC	140.7	495.00
2233	08/16/07	CONSOLIDATED CONSTRUCTION MGT.	140.2/7	248,044.97
2234	08/16/07	EE CRUZ COMPANY INC.	140.7	4,273,707.38
2235	08/16/07	L.R. WATTS & SONS ROOFING INC.	125	16,827.00
2236	08/16/07	PAULUS, SOKOLOWSKI & SARTOR	140.2/7	81,612.84
2237	08/16/07	WEINER LESNIAK	140.2	24,744.48

Total Checks: 6
 Total Void Checks: 0
 Total Amount Void: \$0.00
 Total Amount Paid: \$4,645,431.67

CONSTRUCTION FUND

CHECK#	DATE	VENDOR	ACCT/LINE#	AMOUNT
1161	08/16/07	MARVEC CONSTRUCTION CORP.	140.4	63,314.17
1162	08/16/07	PAULUS, SOKOLOWSKI & SARTOR	140.4	12,321.38

Total Checks: 2
 Total Void Checks: 0
 Total Amount Void: \$0.00
 Total Amount Paid: \$75,635.55

OPERATING FUND

<u>CHECK#</u>	<u>DATE</u>	<u>VENDOR</u>	<u>ACCT/LINE#</u>	<u>AMOUNT</u>
33662	07/25/07	A TOUCH OF ITALY	49	97.00
33663	07/25/07	AIRGAS SOUTHWEST, INC.	32	112.80
33664	07/25/07	CANON FINANCIAL SERVICES, INC.	16	1,299.72
33665	07/25/07	COGENT COMMUNICATIONS, INC.	27	674.00
33666	07/25/07	ENVIRONMENTAL COMPLIANCE ASSIST.	41	7,579.74
33667	07/25/07	ELIZABETHTOWN GAS	22	8,228.04
33668	07/25/07	LIBERTY MUTUAL INSURANCE GROUP	17	39,398.70
33669	07/25/07	RAHWAY VALLEY SEWERAGE AUTH.	01/02	322,178.43
33670	07/25/07	PETTY CASH	14	178.78
33671	07/25/07	SAFETY-KLEEN CORP.	32	213.72
33672	07/25/07	VERIZON	11/30	1,027.61
33673	07/25/07	VERIZON WIRELESS	11	385.38
33674	07/26/07	AMALGAMATED GENERAL AGENCIES	17	130,187.00
33675	07/26/07	LOUIS DUPLESSIS	04	30.00
33676	08/03/07	AGELESS GLASS GROUP	35	175.00
33677	08/03/07	DELTA DENTAL PLAN OF NJ	03	5,773.82
33678	08/03/07	ELIZABETHTOWN GAS	22	459.06
33679	08/03/07	HESS CORPORATION	19	150,724.96
33680	08/03/07	STAPLES BUSINESS ADVANTAGE	13	441.12
33681	08/03/07	UNION COUNTY CLERK	37	600.00
33682	08/03/07	UNITED PARCEL SERVICE	48	65.96
33683	08/03/07	VISION SERVICE PLAN	03	1,193.01
33684	08/08/07	HOME DEPOT CREDIT SERVICES	27/32	1,237.98
33685	08/16/07	ABD ELECTRICAL SUPPLY COMPANY	32	31.50
33686	08/16/07	ADP, INC.	03	170.28
33687	08/16/07	ADP, INC.	16	1,798.96
33688	08/16/07	ADVANCED SPECIALTY SALES, INC.	32	198.00
33689	08/16/07	AIRGAS SAFETY, INC.	31	780.35
33690	08/16/07	ALL AMERICAN SEWER SERVICE INC.	32	4,059.00
33691	08/16/07	AMERICAN INDUSTRIAL SUPPLY CORP.	32	455.90
33692	08/16/07	AMERICAN WEAR	32	1,243.70
33693	08/16/07	APPLIED ANALYTICS, INC.	32	1,025.00
33694	08/16/07	ARCH WIRELESS	11	11.19
33695	08/16/07	AVENEL REFRIGERATION	40	150.00
33696	08/16/07	BALCO INDUSTRIES INC.	31	796.00
33697	08/16/07	BOWCO LABORATORIES, INC.	32	63.00
33698	08/16/07	CENTRAL FORKLIFT, INC.	32	1,937.00
33699	08/16/07	COMMERCIAL KITCHEN REPAIRS	40	112.81
33700	08/16/07	CONTROL ASSOCIATES, INC.	32	837.66
33701	08/16/07	CORRECT TEMP, INC.	32	1,729.25
33702	08/16/07	CSL SERVICES, INC.	30	14,381.88
33703	08/16/07	D2L ASSOCIATES, INC.	42	2,240.00
33704	08/16/07	EIMCO WATER TECHNOLOGIES	38	787.01
33705	08/16/07	ELIZABETHTOWN GAS	22	202.07
33706	08/16/07	EMED CO., INC.	31	214.54
33707	08/16/07	EXAMINETICS, INC.	31	1,325.00
33708	08/16/07	FISHER SCIENTIFIC	40	1,801.23
33709	08/16/07	FLEXLINE	32	576.20

33710	08/16/07	GABEL ASSOCIATES, INC.	08	1,500.00
33711	08/16/07	W.W. GRAINGER, INC.	32	277.87
33712	08/16/07	GARY W. GRAY TRUCKING, INC.	25/26	80,021.82
33713	08/16/07	GREAT LAKES ENVIRONMENTAL	41	57.31
33714	08/16/07	GREENWOOD PRODUCTS, INC.	40/43	488.70
33715	08/16/07	HACH COMPANY	40	2,167.03
33716	08/16/07	HARTFORD STEAM BOILER	32	50.00
33717	08/16/07	HAYES PUMP INC.	32	89.90
33718	08/16/07	IDEXX DISTRIBUTION INC.	40	179.37
33719	08/16/07	JERSEY ELEVATOR COMPANY INC.	32	174.00
33720	08/16/07	JOE ROMER TROPHY SHOP	12	10.20
33721	08/16/07	LABCHEM INC.	40	457.25
33722	08/16/07	LIBERTY MUTUAL INSURANCE GROUP	17	38,830.00
33723	08/16/07	MAFFEY'S SECURITY GROUP	32	704.00
33724	08/16/07	MAX L. BROWN HARDWARE CO., INC.	32	348.00
33725	08/16/07	MCMASTER-CARR SUPPLY CO.	32	137.38
33726	08/16/07	MULTI-CARE HEALTH CENTER	50	250.00
33727	08/16/07	MURRAY, MONTGOMERY & O'DONNELL	09	20,000.00
33728	08/16/07	NJ STATE LEAGUE OF MUNICIPALITIES	18	18.00
33729	08/16/07	NUTLEY HEATING & COOLING	32	378.00
33730	08/16/07	O'JOHNNIES, INC.	13	340.25
33731	08/16/07	PAULUS, SOKOLOWSKI & SARTOR	05/06	7,227.50
33732	08/16/07	POLAND SPRING WATER COMPANY	46	127.84
33733	08/16/07	POLYDYNE INC.	23	17,498.40
33734	08/16/07	PRECISION ELECTRIC MOTOR WORKS	32	435.00
33735	08/16/07	PSE&G COMPANY	19/42	39,220.17
33736	08/16/07	QC LABORATORIES	41	1,381.00
33737	08/16/07	RAHWAY ELECTRIC SUPPLY COMPANY	38	947.42
33738	08/16/07	SANDY'S FRUIT BASKETS & FLORIST	18	151.90
33739	08/16/07	SIMPLEX GRINNELL LP	31	2,414.00
33740	08/16/07	SKILLPATH SEMINARS	31	995.00
33741	08/16/07	STAR LEDGER	12	48.00
33742	08/16/07	STATE OF NEW JERSEY	02	624.97
33743	08/16/07	THE SPI GROUP, LLC	27	200.00
33744	08/16/07	TURTLE & HUGHES INC.	32	98.28
33745	08/16/07	UNIVAR USA INC.	29	37,862.52
33746	08/16/07	US FILTER/SIEMENS WATER TECH.	40	845.00
33747	08/16/07	USA BLUEBOOK	32	325.20
33748	08/16/07	VERIZON	11/30	376.36
33749	08/16/07	WEINER LESNIAK	07	28,806.37
33750	08/16/07	921-WELCO-CGI GAS TECH LLC	32/40	156.17
33751	08/16/07	WOODBRIIDGE PRINTING CENTER	12	218.25
33752	08/16/07	WOODRUFF ENERGY	22	428.60
33753	08/16/07	YOUR TOPS, INC.	32	150.00
33754	08/16/07	ZEP	32	749.62

Total Checks: 93

Total Void Checks: 0

Total Amount Void: \$0.00

Total Amount Paid: \$996,956.01

Total Checks: 101
 Total Void Checks: 0
 Total Amount Void: \$0.00
 Total Amount Paid: \$5,718,023.23

OPERATING FUND	7-01	\$996,956.01
BUILDING & EQUIPMENT FUND	7-02	4,645,431.67
CONSTRUCTION FUND	7-04	<u>75,635.55</u>
TOTAL ALL FUNDS		\$5,718,023.23

Open the floor to the Public for questions or comments

The Chairman asked if there was anyone from the public who wished to address the Board.

Mr. Gencarelli stated that he has a copy of the movie Thirst and will make arrangements for anyone who wants to see it. He added that he is also reading the book. Mr. Gencarelli prepared some handouts which he asked be distributed to the Commissioners. Mr. Gencarelli noted that the book is a documentary therefore the contents are facts.

Mr. Gencarelli stated that he feels that he is acting in the best interest of the rate payers. He added that if he felt privatization would be in the best interest of the rate payers then he would support it. He said that the City of Rahway has gone on record and said that it will save \$32 million dollars over 20 years by privatizing its water company. He added that he did his own investigation, filed an OPRA request of the Water Agreement and came up with some pretty interesting information that he felt the Commissioners should be aware of which are as follows: he noted that what he is submitting is factual and is willing to share a copy of the contract. United Water (“UW”) claims, on their website, that they are pumping 5.5 mgd, which is equivalent to 40.15 billion gallons over the life of the 20 year contract. Rahway claims they are saving \$32 million over the life of the contract, which is an estimate, an estimate of what it would have cost to run municipally versus what it will cost to run under this contract. The savings haven’t been realized yet because they are at the start of the contract. If you look at the gallonage that they are going to pump over 20 years, and the 32 million savings, equates to 8/10000 of a dollar per gallon; regardless, if UW pumps 5.5 mgd or 2 billion gallons per year (bgy). Look at the City’s 2006 billing grade of \$21.36 per thousand cubic feet, their annual billing was \$5.7 million; now if you annualize the savings of \$32 million, that is 1.6 million a year. So I backed into the math and that leads me to believe what they are saying is if it would have been municipally operated it would have cost \$7.3 million but with UW, it will cost \$5.7 and that’s a 22% savings, which I think is significant. I submit if the water department was truly that inefficient that the fault lies within the City’s Administration, because it was ultimately responsible for the water utility. Facts about the water agreement, the contract calls for them to establish an operations committee – is a minimum of 6 and maximum of 7 people, three of them are representatives of UW, the other are the Business Administrator, the Director of the City Water Dept., a City Council Member and if the City chooses, a professional consultant. What’s interesting about that is that the water department operations committee has the ability to make recommendations for certain capital improvements if the city doesn’t do the improvements as recommended by the committee; the city is in breach of the contract as defined as a city failure.

The contract provides for the city to pay for these improvements themselves. The contract also calls for a minimum of \$4.5 million of capital improvements that had to be completed within the first six years. When I look at those improvements, there are about 3.5 million of those improvements which will result in a more cost effective system and more efficient operation. I think that's a good idea, and it's commendable. The only question I have is when the city compared the cost of privatization against the cost of municipal operation, did they take into consideration the more efficient operation that UW now has as a result of the 3.5 million in improvements. Mr. Gencarelli added that at a previous meeting, Mr. Pelissier stated that if RVSA executes a contract they will know exactly what the cost of maintenance over 20 years will be and noted that he does not think that is exactly true. In Rahway's agreement with UW, UW is only liable for the first \$5000 for any repair that costs in excess of \$5000. So if there is a water main break and it costs \$10,000 to repair, the City's on the hook for 5 and UW pays 5. If there is a pump that needs to be replaced and it costs \$50,000; the City pays \$45 and UW pays 5. UW is entitled to a 15% markup on all water treated over 5.109 mgd. Well they claim their pumping 5.5 mgd so that means they're pumping 142.7 mgy over the threshold amount which means they're making 7.7% more profit than was originally anticipated provided of course, and I'm assuming that their contract allotted for a 15% profit on their fee. UW gets an adjustment on the CPI over 4.75%. The contract includes a termination fee schedule for years 1 through 14 for which in year 1 the fee is \$1.7 million and in year 14 its \$196,000, however, it is a bell curve with the highest fee exceeding \$12 million. The city does have the ability to terminate the contract; however, the termination fee would have to be paid in most cases. The contract was executed on September 20, 1999 and on the same day, a Memorandum of Understanding (MOU) was also executed. The memorandum supposedly clarifies terms in the contract but it also significantly changes the fixed management fee schedule. The original fixed management fee schedule in the contract called for \$300,000 in the first year, in the MOU calls for over a million dollars in the first year. I am sure an argument will be made that if you sum up the fee schedule in the original contract, it comes up to about \$54 million dollars, if you sum it up in the MOU, it comes up to about \$44 million, on the surface that's a savings of \$10,000. I submit the contract is front loaded and you have to do a financial evaluation to see arrangement is really financially more beneficial and to who.

If the Authority is going to consider entering into a contract for privatization, the Commissioners should review Rahway/UW contract and come up with a better contract that is more favorable to its rate payers. In order to help me better understand the contract I did an OPRA request for the invoices submitted by UW. I got an email back from the City he said CFO Frank Ruggerio all that spread sheet – schedule of payment per contract year – its identical to the fee schedule.

Commissioner Pelissier stated that he is assuming that the gentlemen collected all of this information on his own personal time. He added that I would like to say that this person has a right to express his thoughts on an issue; the issue should be addressed based on facts; not filled with opinions and certainly not unprofessional insinuations of patronage jobs, favoritism and things of that nature. People can deal with the facts and that's fine. When an opinion gets involved, it convolutes the facts and that creates a feeling of lack of credibility in making a presentation and the issue of privatization can be argued both ways. It's controversial in some municipalities. In the City of Rahway were speaking of privatization, it would not make a difference if it's UW, or any other water company. Rahway entered into an agreement to

manage the 125 year old municipal water utility. Just to manage it. Not to do anything but that. It's still owned by the municipality; in fact Rahway has the lowest rates, and has always had the lowest rates, as per the presentation previously of all the water companies that service every rate payer of representatives at this table.

The auditor, who was hired by the city, had recommended and prepared a presentation at the time, of a scenario if the company that was going to manage the facility as opposed to City continuing to pay a minimum 3% increase every year. Over the life of the 20 year contract, on that alone, that would be a \$32 million dollar savings. Now to date, had city continued to pay the 3% increase to those 26 employees who were originally employed to run the facility, as opposed to what the fixed management fee, which does not change in terms of the management fee that resulted in a significant savings to the City. Just from that alone we saved \$13 million dollars to this point. By the way, those same employees, other than some new people who were hired, that worked for the City of Rahway including one of the Authority's former Commissioners, Mr. Ludington, have now been employed by UW, but there are less of them. Some of the technical staff did not need to be there all day long, they can be called from a bench to a location, and the repair crew wasn't needed to be kept on 24 hours a day.

There is a lot to this agreement which is not fair to try to represent in a 10 minute period by the gentlemen who was before us, nor will I be able to represent to this board what that contract represents, it in a short period of time. I invite every Commissioner, and I will set up a meeting to go to the water utility and meet those people who used to work for the municipality and by the way, those people have retired and are receiving their pensions and are now re-employed by UW and in my opinion are very happy. So I would like you to come and see the operation and see what it used to be and what it is now. The City of Rahway heard a similar presentation and to be quite frank, the gentlemen didn't have enough time like the gentlemen tonight, and people didn't know what he said. It's complicated and it takes time, that's why, we have asked for proposals. We didn't say we were going to do it. We will get the qualifications and then ask for proposals. Then the Board, at that point, may negotiate a contract, as we would seem fit for a component of the RVSA. Not that it will happen, but not that you wouldn't even take the time to see how it fits our operation. The water operation that you hear about may not be relevant at all to the operation of the facility here. It's nice to take time to understand parts of it, but I object to this gentlemen's opinion, I don't object to his right to an opinion, I just object to his negativity.

Mr. Gencarelli again spoke. He stated that he already received two verbal reprimands and a written reprimand from the Interim Executive Director and the subject has come up about him working on this and whether or not he is doing this on Authority time. He continued on to say that he will give the Commissioners the same response that he gave the Interim Executive Director. He does Authority work on his vacation, on weeknights, on weekends and/or whenever it's needed. He suggested that a Commissioner can talk to Kathy Coyle at Bedford Street who lives near an RVSA construction project – he noted that he was on the phone with her at 10:00 p.m. He added that never once has his wife said to him, you're on my time now. He went on to say that he is salaried employee, not hourly and that his time is just time, not his time, not Authority time, its just time. Mr. Gencarelli stated that if this Board, as a board wants to replace him, then they could go ahead and do it. If you think you can get somebody who can do his job better and for less money, then they could go ahead and do it. You won't find anyone

more dedicated than I who will do a better job than me for the same money.

Mr. Ventura said he doesn't want to see this get to that point, when it starts to get ugly. I know that you are a dedicated worker. I know that you are intelligent. I feel that the Authority is lucky to have people like you working for us. The problem here lies that there is a lot of confusion going on.

Mr. Ventura spoke to Mr. Pelissier and stated that Mr. Kennedy had advised him that the City spent \$8 million dollars updating the water plant before UW took it over. He noted he does not know what is true and what isn't, however, so many rumors come out, that it muddies up the water so bad.

Mr. Murphy asked Mr. Gencarelli about his attendance at the Township of Cranford's meeting this past Tuesday and you made a statement to the Town Council that the RVSA's rates to Cranford will double next year. Mr. Gencarelli replied that his recollection of what he said is that our rates recently were the lowest in the state, about \$150 a year for a single family dwelling and that they will roughly double as a result of the overall improvements to \$300.00. Mr. Murphy said that you said "the rates would double". Where is the piece of paper to back this up? Mr. Murphy added that Mr. Gencarelli said this and he said it at a televised meeting. That tape is played over and over. Thousands of people will see that and do you know how many calls will be made to the town hall because of the comments that were made. Mr. Murphy stated that people will want to know if Mr. Murphy or Mr. Brinker were lying when they made their presentation to the Town Counsel stating a different scenario. Mr. Murphy said to Mr. Gencarelli that before you go in front of a camera, know the truth, know the facts.

Mr. Pelissier I don't take it lightly when an employee says that their time is their time. I don't want to discuss it in public, it's a personnel matter that should be discussed in private, unless your telling me as the Chairman that all supervisor personnel who are paid, by the way, not to work on the clock but to get the job done what ever that might be, unless there is something else in the contract can take that position and have that attitude.

Mr. Pelissier stated that he would like to have the Interim Executive Director address the Personnel Committee to discuss this issue. He added that he didn't think it should be discussed in public, but added that he does think it needs to be addressed.

Mr. Ventura remarked, what makes a company successful; what makes one succeed whereas another with the same amount of talent and the same amount of terrific ideas, fail? He stated that it's hard to interpret all this. Some companies work with freedom with their employees. Mr. Ventura added that he didn't think we can expect a public Authority to work with that same type of freedom, because there are too many people watching and misinterpreting.

Mr. Pelissier stated that statutes are passed which pertain to public employees and they are different than those that pertain to the private, a matter of fact, an individual that is convicted of a third degree crime for receiving compensation for even something under \$200.00 is considered misconduct in office and automatically causes an employee to forfeit their right in public office. He added that in K-Mart anyone could get away with this, but the public has a higher

responsibility and trust to the taxpayers and accountability is much, much greater than any private sector position. Mr. Pelissier stated that although employees who are in supervisory positions put in plenty of extra time at meetings, after work or early in the morning, on phone calls, on the weekends, and aren't actually compensated by the dollars. He added that is why he feels his request to the chair of the personnel committee is to look at those supervisory people who are doing that type of work and then compensate them adequately. He continued on that an employee should not say they are entitled to because they do all this extra work; and or be able to say that they can take off as they please to do what they want for their personal interests. Mr. Pelissier stated that the Mayor that is sitting next to you, I'm sure wouldn't approve of his people just walking out of City Hall to do something personal without having adequate personal time to take. He added there are times that you go to your boss and say I'd like to take an extra 15 minutes for lunch to get something done, so that they know where you are, but not because you did something does it justify that you can take the time off. It doesn't work that way, and Mr. Pelissier doesn't believe that the RVSA personnel have that spirit. He said he believes that people work hard here and put their time in. But added when you have a personal interest and you are using public equipment, taking time off from your job to do something on a personal nature, in his opinion that is incorrect and should be addressed by the Executive Director.

Commissioner David asked the Chairman if the Board could move on as in his opinion; there had been enough discussion about personnel matters this evening.

The Chairman asked if there were any further comments. There being none he asked for a motion to adjourn the meeting.

Closed Session

None.

Adjournment

As there was no further business, on motion of Mr. David, seconded by Mrs. Papen, the meeting adjourned at 10:06 p.m. The motion was unanimously approved by the members present; Mr. Chin and Mr. Mazzarella were absent.

Robert J. Materna, Secretary-Treasurer

JG/jg
Attachments