

Plumsted Municipal Utilities Authority Minutes  
July 17, 2018

Chairman Bronson called the July 17, 2018 Plumsted Municipal Utilities Authority Meeting to order and asked everyone to stand for the Flag Salute. Attorney Martin Buckley read the Open Public Meetings Act.

Those in attendance were: Walter Bronson, Edward Weirsky, Ronald Dancer, Ricky Brown, Anthony Esposito and Nancy Lawrence. Committeeman Marinari was also present.

Robert Minter was absent.

Treasurer's Report: Peter Ylvisaker said the Investors escrow account has a balance of \$9,750.98. There are no pending charges against this account.

Mr. Ylvisaker reported the Investors checking account had an opening balance of \$51,080.51 with expenses of \$37,338.85 and deposits of \$45,536.08, with a cleared balance of \$59,277.76 as of June 30, 2018. There is an uncleared balance of \$53,307.26. The check register balance as of July 17, 2018, is \$39,914.91, including the items on the Bill List. There are funds available to pay the bills.

There were no questions or comments about the Treasurer's Report. On motion of Mr. Weirsky, seconded by Mr. Brown, the Treasurer's Report was approved. Roll Call Vote: All Ayes

Bill List:

There were no questions or comments on the Bill List. On motion of Mr. Weirsky, seconded by Ms. Lawrence, the Bill List for July 17, 2018 was approved as submitted. Roll Call Vote: All Ayes

Minutes:

Mr. Bronson said he has a correction to the June 19, 2018 Minutes. The correction is on page 2, third paragraph, second sentence, which should be changed to read "For instance, if they could pull out part of the gravity sewer system since it is in unit prices."

Mr. Bronson asked if there were any other comments, questions or additions to the Meeting Minutes for June 19, 2018. There were none.

On motion of Mr. Weirsky, seconded by Mr. Brown, the Meeting Minutes for June 19, 2018, as amended, were approved. Roll Call Vote: All Ayes

T&M Associates Monthly Update

James McGoldrick provided the monthly report for T&M Associates.

Downtown New Egypt Sanitary Sewer Collection and Disposal System

Mr. McGoldrick said that the bids received on May 23, 2018 for the Downtown New Egypt Sanitary Sewer Collection and Disposal System were higher than the Engineer's Estimate and the Authority formally rejected all bids at their June 19, 2018 meeting for that reason.

He said that representatives from T&M, NSU and the Authority met to go through the bids and decide how to go forward with the project. He said he thinks that all parties agree that at this point the best plan of action is to separate the project into two projects. The first project would include the collection system, pump station and force main. The second project would consist of the wastewater treatment plant and its associated utilities and site work.

The general thought was that the collection system, pump station and force main would be publically bid. The Authority has been researching the best method to bid out the wastewater treatment plant and the related site work, whether it is by public bidding, public/private partnership (P3) or RFP proposal.

Mr. Bronson thanked him and said that part of the reason they were late getting into the meeting was that he and Mr. Dancer were in a meeting with Mayor Trotta and Attorney Martin Buckley (representing Mr. McGuckin) to go over some of the potential cost saving items contained in T&M's July 9, 2018 letter. Since last month it was stated Mr. McGuckin has done a bit of investigation, with the assistance of Mr. Dancer, into the potential of the other options we have for bidding the sewer treatment plant.

Mr. Bronson said that we had thought we could go out for a P3, but after discussing this with our financial advisors, they did not think that the cost savings of doing a private construction would offset the increased costs of borrowing money. Therefore, they recommended that we not pursue a P3 option for constructing the sewer treatment plant or constructing the project in general.

Mr. McGuckin did find, however, that the Administrative Code allows us to issue a Request for Proposals. The Request for Proposal process would allow us to put out requests for the treatment plant with potential cost saving changes to those plans, then take proposals from contractors for building it. Then we could negotiate with one or more of the proposers. The hopes being that with that negotiation process, we would identify additional cost saving measures that a contractor and membrane supplier might bring to the table that NSU has not been able to identify in their own documents.

Mr. Bronson said the process is time-consuming. It involves doing a Notice of Intent and giving contractors thirty days to respond. We would need to do a public hearing on our recommendation to award the contract, once we get through that process. We then issue a report to DEP and DCA and obtain their approval, which could take up to 60 days to obtain. So, we are looking at about 4 months from the time we would issue a Notice of Intent to when we would be able to go to construction.

That is probably one to two months longer than if we were to issue a request for bids. We will have to honey-dip any flow that we receive from the PRRC, since they will be going to construction and anticipate some houses being connected to the system prior to our being able to complete the treatment plant. It is our feeling that the potential cost savings from doing an RFP, as opposed to a normal bid, would more than offset the potential cost for the extra one to two months of honey dipping.

Mr. Bronson asked for questions or comments about issuing a Request for Proposal for the treatment plant and/or separating the project out.

Mr. Weirsky said that there may be two months of honey dipping at the redevelopment site anyway because there needs to be a certain amount of flow for the system to operate. So, that may not be a factor as additional money spent because we are going to need probably the flow from 50 to 100 homes to get the system up and running. Mr. Bronson said he thinks the flow has to be around

20,000 gallons for the treatment plant to operate. Mr. Weirsky said the honey dipping may not have an impact. Mr. Bronson agreed it may not.

Mr. Weirsky said he thinks that they should just look at the raw numbers without honey dipping. The Authority is going to have to honey dip anyway as soon as the first house is hooked up. Mr. Bronson said we could tell people on our collection system that they could not hook up before such and such a date. Mr. Weirsky said that the Authority is not going to be able to hook up a hundred houses at one time. Mr. Bronson agreed. Mr. Weirsky said he told Mr. Ylvisaker that he does not think it will have an impact at all, since we are going to be doing that anyway. Mr. Bronson said he does not disagree.

Mr. Bronson said this is something that is not typically done. Mr. McGuckin and Mr. Dancer have spoken with the State and they have assured us that it is something that is permitted and has, in fact, been done previously. We are going to look into a couple of examples of somebody that has done this before so that we can get some documents that the State has approved in the past.

Mr. Weirsky asked what kind of savings we are looking at. Mr. Bronson said he has no idea. Some of the comments that we have been getting from the bidders was that there is not a strong level of certainty about the treatment plant. That lack of certainty is driving up the cost.

Mr. Weirsky asked him to explain that to him. He said he thought we have a design that has a certainty base to it from their sub-consultant designing it and coming up with the necessary retention times, flow, volume, etc., that there should not be any fault on the actual construction contractor if he is building it to the specifications, which they are to supply. So, what is the uncertainty?

Mr. Bronson said it is the fact that it has not been done before. Mr. Weirsky said that should fall on the designer of the system, not the contractor. Mr. Bronson said the contractor is going to have to put it into operation. He will have to work with the engineer to do that. They will have to put it into operation and turn over a plant that meets our discharge requirements. The supplier of the MBR system is going to be working hand-in-hand with the contractor and the engineer as well. Despite what some other people have said, it is fairly new technology. It has been around for 10 years, but it has not been used a lot, at least with domestic sewage.

Mr. Bronson said that is the feedback we have gotten. There is a level of uncertainty with people not having built this type of treatment plan before. That uncertainty adds cost to a project. If we can sit down and have our engineer, have the supplier of our system and have the contractor at the table to discuss construction requirements, performance requirements, how things get set up, how they are going to operate, he thinks that will allow the contractor to get a higher level of confidence in the system and take some of that uncertainty out of it, which will reduce the cost. How much that might be, he does not know.

Mr. Weirsky said he does not have the same feeling. The guy putting in the system is going to go look at the guy that designed it and say "Look, it's built...here's your drawings...I've built this...I have all your flows... I have everything there...it doesn't come out on the other end." Whose fault is it? The guy that built it to the drawing specifications or the guy that designed it?

Ms. Lawrence said that fingers will be pointing both ways. Mr. Weirsky said that the fact is if they built it to the design specifications and the drawings, how can you go to the contractor that actually put the equipment in? You have to go to the guy that designed the system and say "it has failed...your calculations... your assumptions have not come to fruition." Not the guy who built it exactly how he was told to build it.

Mr. Bronson said it is not going to get built exactly the way he is told to build it. There are always going to be some changes. Wastewater treatment is as much an art as it is a science. Mr. Weirsky said that is absolutely correct, but when the contractor is building it and wants to make a change, they better get the sign off from the designer first. That is where he is struggling to understand what Mr. Bronson is saying.

Mr. Bronson said that there may be points in the process that we can vet out up front. Maybe there is an alternate manufacturer. Mr. Weirsky said now that takes you down a path where you make it muddy. Because this guy recommended this piece of equipment and this design and this length and this retention time and they want to make a change. As soon as they ask to make a change or deviation from the design document, they are going to take some responsibility as to whether or not it will work.

Then you have a contractor who thinks they can “poor boy” this and build it his own way after the fact. We have our faith in the company that designed the system. That is one of the reasons why we went with the contractor and the engineering firm that we currently have.

Mr. Bronson said Mr. Weirsky is absolutely correct. We are also getting a twelve million dollar treatment plant when we expected to get a five million dollar treatment plant. There has to be a way to save some of that money. He said he thinks that contractors that want to get that project are going to work a little harder at finding a way to save some of that money.

Mr. Weirsky said we can still bid out the wastewater treatment plant itself as a separate project. Mr. Bronson said, we can bid it, but then you are going to end up with the same thing we just ended up with. Mr. Weirsky said we may or we may not because the contractors that bid were piping and sewer installation contractors. They just got a bid from somebody to put some equipment in a building. It could turn out differently if you bid it to wastewater contractors.

Mr. Bronson said that he thinks they did get proposals from wastewater contractors to put that plant in. There were several bids that were virtually identical on the sewer treatment plant. Mr. Weirsky said he agrees with that. He said they all marked up and put their own little “fluff and comfort level in” in case this guy does not make it. Because they are the general contractor, if their subcontractor fails, they are on the hook for it. We are pushing it to the wastewater treatment company and taking out the general contractor. Now it is on you. You put your own number in and you can build this.

Mr. Bronson said they expect to get some cost savings whether we bid it or put out a request for proposals. Mr. Weirsky said to be careful with negotiations. That is a slippery slope with liability on the back end. Who is going to be responsible? When you start to negotiate, all parties will have to agree with that change. Then that muddies the water and the liability on the back end if, in fact, the system does not meet the discharge requirements. That is just from past experience with other projects.

Mr. Bronson said he agrees. It is going to be difficult no matter what. That is why he brought it up because we all have different experience. If the group does not think that we can achieve cost savings through negotiation, they we should not do it that way. It is his hope that we can sit down and figure out with a contractor who knows the costs, knows what it is costing him to do everything, may have some other ideas about how to go about it that he knows he can do cheaper. To bring those ideas to the table that would have to be approved by our engineer as part of the negotiation process. We could take advantage of that process to get some real value engineering done. That is difficult to do in a bidding process.

Mr. Bronson said that if we were a private entity, we would be doing it that way. We would ask three people for a bid and then we would sit down and meet with them. Talk with each one of them to see what they could do differently to reduce their price. Then we could evaluate whether that is doable. The proposal process brings us closer to a private version of trying to find the best price, rather than a public bid does, which he thinks will save us money.

Mr. Weirsky asked if we go out for a request for proposals do we have to select the lowest proposal or can we negotiate with all of the contractors. Mr. Bronson said that we can negotiate with all of them. Mr. Weirsky asked if we have to take the contractor with the lowest number after negotiations are finished.

Mr. Bronson said that because it is something new there needs to be a complete discussion about the process. He asked Mr. Dancer for his input.

Mr. Dancer said it was his understanding, just from a preliminary conversation with people at the State and Greg McGuckin on the phone, that it is not the lowest responsible bidder process in sealed bids. You have a) the negotiation and b) the latitude to make your final decision. We would all like to have the lowest responsible bidder. That is our option. But, sometimes, you get a little better comfort level with a particular vendor under this more informal process of negotiation. That is your decision.

Mr. Weirsky said that if you do have that type of latitude, he thinks it might be worth the effort. But if you go through the process and you negotiate and get somebody whose plan to lower the pricing is "this," we may not be comfortable with that and we are stuck with it, then he does not think that is the way to go.

Mr. Dancer said we can clarify it, but it was his understanding that you do not have to take the lowest bidder in a request for proposals. He said he also learned that you have to justify your decision. For instance, maybe "A" was \$50,000 less, but we went with "B." You have to justify why you in the process of your negotiations decided to go with the higher price. You have to provide documentation for your decision. Mr. Weirsky said that would be fine as long as you have that latitude.

Mr. Brown asked if we are breaking this into two separate projects, collection and treatment, whether it is a bid or an RFP, is the collection portion dependent upon us getting the proper numbers for treatment? Is one contingent upon the other? If we know that prior to construction, then we know where we stand as far as funding, affordability and operations. If we start with collections and then find out that the treatment will only save \$1,000,000, instead of \$3,000,000 or \$4,000,000, and it is not feasible, what do we do?

Mr. Bronson said that is a good point. Mr. Brown said we cannot honey dip forever. He is sure there are limits on it. What are our options if the treatment plant falls out? Mr. Bronson said he thinks we would hold off awarding the collection system until we knew we had bids that we could award on the treatment plant that are collectively within our budget.

Mr. Bronson said there is a sixty day approval process to get through DCA and DEP, but we will have the bids and be ready to award them at that point. The treatment plant is actually the longer lead item to complete than the collection system. In theory, we could wait to award the collection system until we actually have the approval from the State. That would probably be the smarter thing to do. We will be able to do that to make sure that we would have a complete project to build.

Mr. Weirsky said then the developer will not start building the homes until they have all of the approvals. Mr. Bronson said he has all of his approvals. Mr. Weirsky said the treatment facility needs to be installed. Mr. Bronson said no, it does not. The assurance the MUA has already provided to the developer is that we will accept his sewage when he is ready to deliver it to us. We signed the development agreement based on that, which is why we are on the hook for honey dipping.

Mr. Bronson said normally he would agree that your downstream system has to be in place, but in this situation we are building a brand new system. In order to have the developer help pay for the system we had to provide assurances to him that we would handle his waste. Mr. Weirsky said then we are building a treatment plant one way or another. Mr. Bronson said yes. Mr. Weirsky said it might be reduced. Mr. Bronson said he would get to the next part of that in a moment.

Mr. Bronson said the Sewer Committee's recommendation is to further reduce the construction costs to come in line with something we think we can afford and that we can handle with our bonding. We were not really that far off. If we can save a few million dollars, it gets us into the realm of affordability of the project. We are hoping to save \$1 million to \$1.5 million by separating the projects.

Mr. Bronson said he does not know that we need any action on that at this point, as long as we have a consensus that it is acceptable to go forward that way. We will start to put that together. Then we will have to come back here to get authorization to go to bid on the sewer collection system and to issue the notice of intent on the treatment plant. We have to have documents for that action. We may need a special meeting early next month to go over that.

There was a discussion about when Bob Minter will get back so the MUA can have a quorum. It was stated he might be available by phone if necessary.

Mr. Bronson spoke about T&M's July 9, 2018 letter. We had asked our engineer to look at the potential of cutting back portions of the system to save some money. It was the Committee's recommendation that sewer service to the Historical Society Building be eliminated from the project. It has an existing functioning septic system and has very little flow. There is really no need for it.

If we had a gravity main system that was going up Evergreen past the building, we would hook it in. But to extend the main over to it when it does not need anything is some cost we can save there. It is part of the Municipal Complex. We would still like to connect the Municipal Building to the system. We will realize a little bit of savings by taking out the Historical Society Building. Mr. Bronson said they would like to recommend taking an alternate bid on Magnolia Avenue, which is north of Cedar Street past the police station and the old recycling center. It was broken down into two sections on T&M's spreadsheet. There is a section of 1129 feet and a section of 578 feet collectively, with about 16 houses on it that we would like to take a "deduct" alternate on. He is saying "deduct" because we are bidding basically the same system as before.

We would like to build the whole system if we can do that. If we can get a base bid for the whole system that gets us to where we want to be, then we will award the whole system, with the exception of this "deduct" alternate. So, we would take a deduct alternate on Magnolia Avenue.

Mr. Dancer asked for a clarification of the section he is talking about. It would be on Magnolia from where the Police Station is, where Cedar Street intersects with Magnolia, and then the easterly portion, which would include sixteen homes. Mr. Weirsky said T&M has it broken down into two

sections in their letter. Mr. Bronson said that we want to make sure we include the Police Station because they do have a problem there. It is right on the corner of Magnolia and Cedar.

Mr. Weirsky asked if Magnolia is the street in front of the Police Station. Where would it connect? Mr. Ylvisaker said it was likely to go up Magnolia and then go right on Cedar to fill in all of those houses. Mr. Bronson said the flow would still go down Story from Cedar and Helen.

Mr. Bronson asked if there were any questions or comments on that recommendation. There were none.

Mr. Bronson said the recommendations on the sewer treatment plant include: 1) elimination of the chain link fence; 2) keep the paving; 3) reduce the water main loop around the building; 4) eliminate the 3<sup>rd</sup> train; 5) build a sludge holding tank; 6) reduce the size of the generator; and 7) remove the interior partition walls, doors and drop ceilings from the WWTP building (see T and M Memorandum dated 7/9/18). With regard to # 4 if that is something we have to check with the Fire Department about. We want to keep Item 8 related to WWTP building features. He is not sure of the cost, but we have already made the water company modify their plans to make their building look nicer. It is our feeling that we should do the same thing with our own facility.

Mr. Bronson asked for any comments and questions on those recommendations. Mr. Dancer suggested we talk with the Fire Commissioners about constructing a standpipe like they did on Main Street for easy access and connection from the Crosswicks Creek. Mr. Bronson said he does not know if the creek has enough water to draw from.

Mr. Esposito asked about the removal of the fence. Does it provide security for the property or is it simply cosmetic? Mr. McGoldrick said he is not sure. Mr. Bronson said everything is enclosed either in a building or in a vault, so there is nothing that would be open for anybody to get into. It would provide an added level of security. Mr. Weirsky said we might need to have it because it is an industrial site. Mr. McGoldrick said a fence is probably not as critical at a wastewater plant.

Mr. Dancer said the other item that was discussed by the sub-committee was that the most of the property in that area is currently undeveloped. If it ever were to be developed, the developer would need to come in for a site plan. The Planning Board could require the developer to install a fence along their property line at their expense. There was further discussion about the site plan, the fence being required by DEP, and whether or not the threat of terrorist attacks is an issue. Ms. Lawrence asked about the lighting and commented about people getting into buildings just for the fun of it. She suggested that the property be lit and a monitor be installed. Even though a building is locked up and there is nothing in there that they need, it is the joy and challenge of some people to break into it. There was further discussion about the fence, the lighting and the security system. Mr. Dancer said that the township could install a fence much more economically than what is in the quote.

Mr. Bronson spoke about sitting down with NSU and T&M to see how it is all going to come together. Mr. McGoldrick said it would also be critical to sit down with the attorney.

Mr. McGoldrick announced to the Authority that he has resigned his position at T&M Associates. He said he enjoyed working with the members of the Authority and wished them well. Mr. Bronson thanked him. As he said before, his service and everything he has done for the Authority is appreciated. He came to the Authority under difficult circumstances and hopefully we were only a small part of his decision to move on. He said he personally gave Mr. McGoldrick a hard time sometimes, but he weathered the storm very well. Thank you for helping us out. Mr. McGoldrick spoke about his replacement and the transition with T&M moving forward.

Mr. Dancer said not for discussion tonight, and with full confidence in our Chairman, he would like to provide his personal opinion about separating the plant from the collection system. The collection system is pretty much “as is.” It already went out bid. Maybe a couple of alternates. Personally speaking, he will be very disappointed if this is not a very quick turnaround on the collection system. Also, he would be very disappointed with not only the time, but the cost. He does not think this has to be reinvented. There is a lot of work that has already been done. He will put his confidence in the Chairman meeting with the engineer to figure this out. He hopes the engineer will take a good look at everything, and now that they have more direction, it will help them to better define and focus on the contract.

Mr. Bronson asked if there were any other comments or questions. There were none.

#### Executive Director’s Report:

Mr. Ylvisaker said that Mr. Bronson covered Redevelopment, so he will give some quick updates on the budget, energy aggregation and solid waste.

#### 2018/2019 Budget

Mr. Ylvisaker said DCA approved our 2018/2019 Budget. The audit for 2017/2018 will start the first week in September.

#### Energy Aggregation

Mr. Ylvisaker said energy aggregation program has been quiet. He is virtually getting no calls about it.

#### Solid Waste

Mr. Ylvisaker said it was another good month, mostly because we have consistent driver(s) at this point. He also thinks that some of the kinks were worked out over the last couple of months with our meetings and discussions with Waste Management. They have been very responsive he stated. He noted that he will be going on vacation for the next three weeks and would like to have things settled down.

#### New Jersey American Water

Mr. Ylvisaker said that the record is complete for the purpose of NJDEP’s review of NJAW’s application for a permit to operate the 3<sup>rd</sup> well. Apparently they passed the well tests. Mr. Dancer will make a follow up call to NJDEP on the status of NJDEP issuing the permit.

#### PRRC

Mr. Calabro from Lennar reported at an earlier meeting that he had been promised their receiving their wetlands permit sometime in July. Bob is anticipating that they will get started sometime in August and they will have flow by next July. It may be a slightly optimistic schedule, but it is an indication as to how close he thinks he is to getting the project started.



### Other Matters

Mr. Ylvisaker said that we received copies of two applications that were made to the Land Use Board. They are both for the construction of garages. One is in our sewer service area and one is outside. We are not concerned with the one outside. The one inside is the old Learning Steps building which is now a residence. The location is outside 200 feet, so they would not be required to connect to our sewer system. Rather, they would be a voluntary connection. But they are in the sewer service area. The type of development that they are applying for, which is a garage, is not something of interest to us. He has been issuing letters at this point. If they apply, it would require formal action.

He included bios for the website in the packet. Not everyone has one, but we would like to have one for everyone. They are out of date. He asked the members to please take a look at them and contact him with any changes you want to make.

We have pretty much transferred everything that was on the old website to the Township's website. A section of the Township's website is devoted to the MUA.

### Public Comments:

Mr. Bronson asked if there were any public comments. There were none.

Since there was no further business, a motion was made to adjourn the meeting. Roll Call Vote: All Ayes.

The next meeting is scheduled for August 21, 2018, at 6:30PM.

Respectfully submitted by:

Nadene Cicero, Secretary