

**SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY
MINUTES - CAUCUS MEETING – JANUARY 11, 2018**

CALL TO ORDER:

The Caucus Meeting of the South Monmouth Regional Sewerage Authority was called to order at 7:00 p.m. on Thursday, January 11, 2018.

Announcement:

This meeting was called in accordance with the provisions of the Open Public Meetings Act in that an announcement of the same was mailed to the Clerks of our member municipalities on February 21, 2017; and to the Asbury Park Press and the Coast Star on February 23, 2017. The minutes of this meeting will be available after Board approval at a subsequent meeting.

Roll Call:

Commissioners Burne, Cory, Donovan, Farrell, Lynch, Mattia, McLean, and Nicol.

Messrs. Bonello, Bujak, Cuva, Krause, Ruppel and Timbrook.

ATTORNEY’S REPORT:

Mr. Bonello stated during the month he worked with Mr. Krause and Mr. Bujak regarding several items and contracts which will be covered in the Executive Director’s Report.

EXECUTIVE DIRECTOR’S REPORT:

Outfall Project:

Mr. Krause reported the Ocean Outfall Project has been completed. During the course of the project, there were reductions in the contract scope and various other changes to the contract. These changes resulted in a decreased cost to the Authority and decreased efforts by Seaward Marine Corporation. After review and negotiation between the Contractor, the Authority, and its Project Engineer the parties mutually agreed to changes in the amended contract that have been outlined in a Final Quantity Change Order. A resolution has been placed on the Regular Meeting Agenda for Board of Commissioners consideration and approval to authorize the execution of a Final Quantities Change Order for the Ocean Outfall Rehabilitation Project Contract with Seaward Marine Corporation.

When the SMRSA Ocean Outfall Repair Project was originally bid in 2016, it included an Access Chamber on land which is to be positioned near the Pitney Avenue Pump Station. Mr. Krause reminded the Board of Commissioners of the Authority’s decision to separate the Outfall Access Chamber from the re-bid of the SMRSA Ocean Outfall Project to be bided separately. A resolution has been placed on the Regular Meeting Agenda for Board of Commissioners consideration and approval to authorize the Solicitation of Bids for the SMRSA Ocean Outfall Access Chamber.

Cogeneration Resiliency Upgrades:

In December 2017 the New Jersey Economic Development Authority (NJEDA) approved funding for the Authority’s Co-Generation Resiliency Upgrade Project under its Energy Resilience Bank Financing Program. The Authority is expecting to receive 100% funding for the Project through the ERB Program through a combination of a grant in the amount of \$2,847,674, and a loan in the amount

of \$1,070,326. The Authority has decided to issue promissory note(bond) to provide permanent financing for a portion of the Project which represents the Loan. In that regard, Mr. Krause stated on the Regular Meeting Agenda there are two (2) separate resolutions which pertain to the Co-Generation Resiliency Upgrade Project. The first is to award a Construction Contract to Northeast Remsco Construction, Inc.; and the second is to award an On-Call Construction Management Services Contract to PS&S for Board of Commissioners consideration and approval.

Senate Bill No. 848:

Mr. Krause reported the Senate Bill No. 848 was voted and approved on Monday, December 18, 2017. The bill calls for a 2% cap each year on sewer budget increases and 2% increase cap on customer bills for all regional sewerage authorities. The Bill is currently slated for Governor Christie's signature before he leaves Office. If Governor Christie does not sign it, it is assumed that the Bill will go back through the process again and hopefully the language will change to favor Authorities.

Request For Expression of Interest (RFEI):

An Engineering Committee Meeting was held on Wednesday, January 3, 2018. Committee Members reviewed and approved seven (7) engineering firms which were shortlisted from the original twelve RFEI proposals received. Mr. Krause reported the seven engineering firms will be appointed as SMRSA's Pre-qualified Engineering Firms during the Authority's Re-Organization Meeting to be held on February 8, 2018.

Staffing:

Mr. Krause reported as discussed and approved by the Engineering Committee Members a resolution has been placed on the Regular Meeting Agenda for Board of Commissioners consideration and approval ratifying the actions of the Executive Director in hiring Ms. Natalie Chesko as the SMRSA Authority Engineer.

In addition, a second resolution has been placed on the Regular Meeting Agenda for Board of Commissioners consideration and approval ratifying the actions of the Executive Director in hiring Mr. Tyler Zambella as an Apprentice II.

Proposed Change - Board of Commissioner Meetings Time:

Mr. Krause approached the Commissioners with regard to changing the existing monthly Board of Commissioners Meeting start time from 7:00 p.m. to 6:00 p.m. A discussion ensued regarding both the meeting date and time. Further discussion and decision will be made at the February 8, 2018, Re-Organization Meeting.

Michael Ruppel Retirement Statement:

The current Executive Director, Michael Ruppel will retire on February 1, 2018, after 24 years of service to the Authority. He addressed the Board of Commissioners with the following items:

He was asked what he thought his most significant accomplishment was in the 43 years he has been in the industry. His answer was it is not just his accomplishment but all of the staff he has worked with throughout the year's accomplishments.

He stated earlier in his career with SMRSA the Authority was heavily influenced by politics with the Board of Commissioners being very involved in the hiring process which resulted in non-transparency. As the Superintendent he believed he was doing the work of both the Superintendent and the Authority Director. At that time he approached the Board of Commissioners with what he believed needed to happen to change the Authority's existing model. The Board told Mr. Ruppel to put his structure into place which resulted in an organization with new staff doing what they were tasked to do which he did and believes this to be his largest accomplishment. An organization that has new people doing what they were tasked to do, where the Board of Commissioners were not making policies, overriding executive management decisions and not engaged in the day to day decisions has resulted in an operation driven Authority which has led to the many successes of the current organization. Having an operational driven utility developed a staff that has the flexibility to do what they are capable of doing of which he encouraged the Board of Commissioners to retain, as it is has proven to work and so let it continue to work for you and the municipalities that we serve. He stated that throughout the last 24 years, in the beginning, the Authority had terrible relationships with its municipalities and users they did not know who the Authority was and the Authority did not know who they were resulting in the Authority being viewed as the enemy at times. During this time the Authority staff developed new positive relationships with both its municipalities and users. Today the Authority probably is at a less efficient level in that regard with the new team of people added within the past several years. It is now up to the new team to grow those relationships as there is also new leadership in some of the municipalities.

Every year the Society of Civil Engineers gives infrastructure grades to every State in the Country and New Jersey received a D-. Mr. Ruppel feels strongly that the Authority's infrastructure is not a D-level and believes it should be a B+ or even an A. Everything the Authority owns and operators has been restored or replaced. A lot of the equipment was 15 – 20 years old so expect to see those equipment life cycles begin to come around again. He stated that staff has already gone through it once and the key to managing those assets are (1) putting financial planning in place as appropriate; (2) using an IT type of approach to drilling into those assets, and he brings this up because it is something the Board needs to embrace and something you should be demanding of its Staff. The Authority has an Asset Management Program in place and as a matter of fact, our Asset Management Program has set the standards that many utilities are now following. The Authority's Asset Management Program has put SMRSA on the map of New Jersey, particularly as it relates to looking at these assets and how the Authority recovered from disasters. He encouraged the Board to continue to embrace the effects of climate change as we are known around the State, Country, and Globe for the work we are doing as a result of wet weather events something he believes is important and asked the Board to continue. Financially the Authority is as financially sound as it has ever been. He believes financially the Authority would be in the worst position if it were not for its staff's perseverance and dedication. SMRSA's Staff has a lot to do with the financial stability of the Authority. He believes the Authority is well positioned to take on the next generation of executive leadership. Staff is controlling the Authority's debt and pursuing larger-scale maintenance items and asset work while setting a siding reserves to continue along those lines.

In February the Board of Commissioners will appoint its annual professionals and he has worked with Mr. Krause and staff as many of the proposed professional services awards with a few changes to previous years and those changes are on the engineering side. He believes these changes to be very healthy as it is expanding these changes that are necessary to meet the industry needs which are becoming more specialized in the scientific and regulatory fields. Next year's proposed professional appointments include two new engineering firms that specialize in these fields Kleinfelder, Inc. and Cornerstone Environmental Group.

Mr. Ruppel then mentioned the Authority's Bond Counsel, Legal Counsel, Labor Counsel and Auditor have performed exemplary through the years and it is his recommendation to reappoint them. He also mentioned that the Authority's staff has reorganized itself every other year for the last 4 to 5 years and he believes that this type of constant reorganization has been the current trend in the industry. There is another wave of attrition around the corner and he encouraged the Board of Commissioners to remain flexible in hiring new employees. Staff has recently negotiated a Collective Bargaining Agreement and Mr. Ruppel cautioned the Board of Commissioners to support their strategies as they have been built into the current Collective Bargaining Agreement. Change is still coming and as he had previously mentioned the appointment of its professional services, technology is in the forefront. Mobile phones, computers, and laptops are here to stay and some of the Authority's equipment cannot be operated without computers as this is changing the dynamics of the workforce. In terms of technology there are also federal and state administrative directives that continue to layer on to the existing administrative directives and the Board of Commissioners need to consider when making decisions with staff in the future. Mr. Ruppel complimented Mr. Krause, Mr. Bujak and Mr. Timbrook an example of the caliber of employees which are the future of the Authority. Mr. Ruppel stated that he has moved away the forefront and allowing them to carry the responsibility of the recent borrowing through grants and bonds and he understands that this was no easy undertaking yet they were successful in receiving .73 on the dollar to do the Co-Generation Resiliency Upgrade Project.

Mr. Ruppel thanked all of the Commissioners for their confidence in him and allowing him together with both the Commissioners and Staff to achieve the many projects the Authority has completed. He can still remember earlier in his career, the odor complaints when our users were complaining about the odors and the necessity to build the meeting room in order to accommodate the people complaining about odors. Since then, there have been no odor complaints or users utilizing the Meeting Room because Staff and the Commissioners did it together and transformed the Authority. At that time a number of the towns viewed the Authority as the enemy, they did not understand nor care what the Authority did and thought the Authority was just collecting funds and utilizing it however it chose and he believes the dynamics has changed and he is very thankful for the support and opportunity the Commissioners gave him, stating it is a wonderful organization and he believes with the Commissioners commitment it is going to remain a wonderful organization. He is confident that the Authority has the staff and professionals to make that happen and that its future is going to be brighter than the past.

Commissioners Statements:

Chairman Mattia stated that Mr. Ruppel has made it easier on all of them and he believes the best thing the Commissioners have done was to appoint him as Executive Director. As Mr. Ruppel previously mentioned the Executive Director position was a political position and the same Commissioners currently on the Board wanted to go in a different direction, that they believed Mr. Ruppel had the necessary knowledge to operate the Authority and because of his influence around the State and the fact that he was willing to work in the trenches in your jeans, boots and because that is the way you operated and how your employees saw you knowing that this is a guy that would not just tell others what to do but show them being the educator, leader and first rate administrator and he believes the Authority is in an excellent financial position because of him. He was also very active in pursuing funds for several projects after Super Storm Sandy and brought on qualified staff which is part of being a good leader. He thanked Mr. Ruppel for making the Commissioners' job easier. All of the Board of Commissioners thank Mr. Ruppel for his time with the Authority. Chairman Mattia then presented Mr. Ruppel with a Plaque.

Commissioner Burne added when Mr. Ruppel was promoted to Executive Director she had been the

current Chairman at the time. She remembers him giving a presentation to the Board of what he would accomplish as the Executive Director of the Authority. The Board listened to his presentation and decided he was qualified for the position. As time went on she and the rest of the Commissioners realized the excellent job Mr. Ruppel was doing as the Executive Director. Commissioner Burne stated she has known Mr. Ruppel for a long time and has a great deal of respect for his intelligence, and perseverance he has not only gain the respect of the municipalities served but has gain the same respect for the Commissioners as well. Commissioner Burne stated as the minutes and hours go by so will the years and so here is wishing you luck and never no tears, life is like a river flow, years added, years subtracted, years multiplied and love undivided and when you leave South Monmouth there are a lot of us who have a great deal of respect for you and will miss you, God Bless.

BOD & TSS Surcharge Re-calculation:

The Service Agreements between the Authority and its member municipalities allows for the Authority to impose surcharges under certain circumstances. Accordingly, additional charges are levied against a member municipality or other user discharging wastewater who's Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) surcharges that are in excess of those specified in Section 7 of the SMRSA Sewer Use Rules and Regulations. The SMRSA has previously established and has in effect Sewer Use Rules and Regulations and has determined the need to revise said Rules and Regulations to incorporate the current Surcharge Rates for BOD and TSS. A resolution has been placed on the Regular Meeting Agenda for Board of Commissioners consideration and approval amending the Sewer Use Rules and Regulations.

BUSINESS:

- Resolution to Adopt the 2018 Income, Capital, and Appropriation Budgets
- A Resolution Authorizing the Execution of a Negative Contract Close Out Change Order for the Ocean Outfall Rehabilitation Project Contract with Seaward Marine Corporation
- A Resolution Authorizing the Solicitation of Bids for the SMRSA Outfall Access Chamber
- A Resolution Awarding a Construction Contract to Northeast Remsco for the Co-Generation Resiliency Upgrade Project
- A Resolution Awarding an On-Call Construction Management Services Contract to Paulus, Sokolowski and Sartor (PS&S) for the Co-Generation Resiliency Upgrade Project
- A Resolution Amending the South Monmouth Regional Sewerage Authority Sewer Use Rules and Regulations
- A Resolution Ratifying the actions of the Executive Director in hiring Ms. Natalie Erika Chesko as the Authority's Engineer
- A Resolution ratifying the actions of the Executive Director in hiring Mr. Tyler Zambella as an Apprentice II

PUBLIC PORTION:

It was moved by Commissioner Burne and seconded by Commissioner Farrell to open the public portion of the meeting. On voice vote, all voted aye.

Mr. Schmeling thanked Mr. Ruppel for all his support and guidance given to him for the past 25 years.

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

ADJOURNMENT:

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