

**MINUTES OF THE BOARD MEETING
THE SOMERSET RARITAN VALLEY SEWERAGE AUTHORITY
AUGUST 26, 2024**

Minute 1 - Opening of Meeting

The Board Meeting of the Somerset Raritan Valley Sewerage Authority was called to order at 7:00 P.M. by Chairman Joseph Lifrieri.

Minute 2 - Open Public Meetings Announcement

The Open Public Meeting Announcement was read by the Executive Director, Ronald S. Anastasio.

Minute 3 - Roll Call

Robert Albano	Present	John Murphy	Present
Pamela Borek	Present	Michael Pappas	Absent
Daniel Croson	Present	Philip Petrone	Absent
Gary DiNardo	Present	Reinhard Pratt	Present
Vincent Dominach	Present	Frank Scarantino	Present
Edward Machala	Present	Joseph Lifrieri	Present

Authority Staff

Ronald Anastasio, P.E., Executive Director	Present
Anthony Tambasco, Plant Superintendent	Present (Teams)
Michael Ingenito, Chief Plant Operator	Present (Teams)
Sherwin Ulep, P.E., Manager of Engineering	Present
Ellie Hoffman, P.E., Regulatory Compliance Engineer	Present (Teams)
Linda Hering, Human Resources Manager	Present
Peter Wozniak, Chief Financial Officer	Present
Christian Santiago, Staff Engineer	Present (Teams)
Gerry Zielonka, Maintenance Supervisor	Present (Teams)

Professional Staff

Thomas Schoettle, P.E., CDM Smith	Present
Brad Carney, Esq., Maraziti Falcon, LLP	Present

Minute 4 – Pledge of Allegiance

All in attendance saluted the flag.

Minute 5 – Approval of Minutes:

1. Board Meeting Open Session Minutes – July 22, 2024

With the Motion of Mr. Pratt, Second of Mr. Albano, the Minutes of the July 22, 2024 Meeting (Open Session) were approved, by the following Roll Call Vote:

Roll Call Vote:

Robert Albano	Yes	John Murphy	Abstain
Pamela Borek	Yes	Michael Pappas	Absent
Daniel Croson	Yes	Philip Petrone	Absent
Gary DiNardo	Yes	Reinhard Pratt	Yes
Vincent Dominach	Yes	Frank Scarantino	Abstain
Edward Machala	Yes	Joseph Lifrieri	Yes

Minute 6 - Public Hearings - NONE

Minute 7 – Public Participation – Mr. Lifrieri indicated that there was a member of the public present at the meeting. In attendance was Steven Lapper, who is representing Fox Hollow Golf Course. Mr. Lapper indicated he is here just to observe. He further indicated that he is the owner of Fox Hollow Golf Club and has an application that is being considered by our Engineering staff. He wanted to see how this works so he thought he would attend a meeting and observe for a little bit, not all night.

Minute 8 – Consent Agenda: Resolutions for Consideration and Possible Formal Action

Mr. Lifrieri indicated that we have a Consent Agenda consisting of nine (9) Resolutions. Does anyone have an issue with any of the Resolutions?

Mr. Anastasio stated that there were amendments to two different Resolutions. Resolution No. 24-0826-6, not on the agenda but on the Resolution heading, indicates that we are Awarding the Contract when we are Extending the Contract. Also, Res. No. 24-0826-9, on Page 2 of the Resolution, the fourth paragraph from the bottom, which starts “Be It Further Resolved that prior to the issuance of an SRVSA connection permit”, that paragraph should be deleted. That was a special condition from a prior approval and is no longer needed.

Mr. Carney indicated that the Motion to Move the Consent Agenda would be with those amendments as stated.

Mr. Albano commented that most of the extensions of contracts are at 2.0%. There were two, one at 2.5% and one at 2.25%, which were Resolutions #5 and #6. He wants to know why they weren’t consistent with all the others. Mr. Anastasio stated that they wouldn’t accept 2.0%. It

was a matter of negotiation, but this is what they would accept, and it still fell under the limit so we felt it was suitable.

- 1) **Res. No. 24-0826-1** – Resolution Authorizing the Administrative Termination of the Non-Domestic Wastewater Discharge Permit 45D Issued to Avantor Performance Materials, Inc.
- 2) **Res. No. 24-0826-2** – Resolution Extending the Contract for Furnishing and Delivery of Liquid Magnesium Hydroxide – 60% Solution - Contract A-24-2
- 3) **Res. No. 24-0826-3** – Resolution Extending the Contract for Removal of Incinerator Ash from Settling Basins and Loading Into Containers and Ash, Grit, Screenings & Garbage Hauling Fees - Contract B-24-3
- 4) **Res. No. 24-0826-4** – Resolution Extending the Contract for Furnishing and Delivery of Polymer - Contract A-24-1
- 5) **Res. No. 24-0826-5** - Resolution Extending the Contract for Furnishing and Delivery of Liquid Sodium Hypochlorite At 15% Concentration - Contract A-24-5
- 6) **Res. No. 24-0826-6** – Resolution Extending the Contract for Furnishing and Delivery of Liquid Sodium Bisulfite – Contract A-24-3
- 7) **Res. No. 24-0826-7** – Resolution Extending the Contract for Furnishing and Delivery of Liquid Sodium Hydroxide (50% Solution) - Contract A-24-4
- 8) **Res. No. 24-0826-8** – Resolution Authorizing Additional Funds to CDM Smith for the Replenishment of the Allowance for Unforeseen Items - Plantwide Mechanical Rehabilitation Project
- 9) **Res. No. 24-0826-9** – Treatment Works Approval Resolution - Foundry Residential Development; Borough of Somerville (New Jersey American Water); Fairview Avenue; Block 50 Lots 2 And 2.01

Upon Motion of Mr. Albano, Second of Mr. Machala the above nine (9) Resolutions, as amended above, were approved by the following Roll Call Vote:

Roll Call Vote:

Robert Albano	Yes	John Murphy	Yes
Pamela Borek	Yes	Michael Pappas	Absent
Daniel Croson	Yes	Philip Petrone	Absent
Gary DiNardo	Yes	Reinhard Pratt	Yes
Vincent Dominach	Yes	Frank Scarantino	Yes
Edward Machala	Yes	Joseph Lifrieri	Yes

Minute 9 – Board Committees – NONE

Minute 10 – Chairman – Chairman Lifrieri has no further comments at this time.

Minute 11 – Reports

A. Executive Director’s Report

1. Update on Main Interceptor & Forcemain Rehabilitation Project.

Mr. Anastasio handed the discussion off to our Consulting Engineer, Mr. Thomas Schoettle of CDM Smith. We have received a 30% submittal for the project, and we had an estimate of some construction costs and Mr. Schoettle will give us an update on that.

Mr. Schoettle has a 30% design submittal which was transmitted to the Authority some weeks ago. He is happy to go over the whole report with anyone that is interested in the details. It is a 30% submittal and details the primary aspects of the project: where we are going under the river, where we’re going under the streets, where are rehabbing, where we are replacing pipes, etc. Some of the Board may recall back in 2022, we presented a cost estimate for this project. The estimate at that time was \$24M. We have done an estimate on the 30% design recently, the details of which I have here but I won’t bore you with the gory details.

We are currently at \$47M for the estimated cost. There is a pretty substantial difference in the number but there are some substantial scope additions that were included in this version of the design. Before there is a high level of concern, I would like to run through what some of those are to give you a sense of what the impact of those changes were.

First and foremost, the Forcemain Rehabilitation Project is now part of this 30% submittal. There is the Forcemain Rehabilitation and Storm Control Pump Station, which was recently updated. That was not included in the estimate, but the physical work was included in the project that we were hired to design and is represented in the design today. That is about a \$2.5M addition of raw construction costs so I will get to the markups and all the other contingencies that are factored in as well. \$2.3M of additional scope for the Forcemain was added into the project and also, to facilitate egress to and from the Duke property and to the treatment plant as well. We included in the cost estimate the access roads. The road to the Duke property is a substantial roadway that would be built, if we proceed. The total of those is about \$2.6M. If you do the math, there is a base cost of approximately \$6M. The other aspects of the project that were not included in the original estimate: there were a couple of directional drilled crossings at the river that were not included in the original plan to open cuts to the Raritan River crossing. In the design presently are directional drills, those are worth about \$1M collectively in the two

locations. Roughly \$10M in additional scope was added to the project. There is no commitment. These are the things that came up as we were progressing through this job, we priced them, and now we have a better understanding of what the total project looks like.

There were some other differences in terms of how this estimate differed, that are material changes which we will refine as we progress. One of the things we include here in the latest estimate is a 35% contingency in the project. The earlier work had a smaller contingency, 25% is what we included. Some of this is based on evolving market conditions that have occurred since the 2022 escalation. One is material availability. Also, the capacity of the local contracting community, which is reflected in the numbers, we used for overhead and profit, so we baked that into this 13%. Once you take those additional scope items and mark them up with the additional contingencies and overhead and profit, it does make for a material change. As we move forward with the project, we are going to refine the design and refine the estimates, plus we've also included upsizing some of the pipes to reflect potential capacity increases for the plant which were not contemplated in the original program. I haven't dug into those just yet in terms of quantifying the costs but as we progress with the job, we will continue to do that. This is included in the \$47M but it was not in the original estimate. A question was raised, so we went from \$24M to \$47M. In the \$24M, you described about \$10M worth of additional scope, so that's \$34M. Then some increases in contingencies and that takes us to \$47M. Mr. Schoettle stated that there are aspects to dig into. He doesn't have an answer right now but as we progress, we will look at this estimate in more detail. I just wanted to socialize what the number is but there is still time to control some of these costs and I wanted to reassure you. We are at a milestone where we delivered a package, and the purpose of these interim packages are to better refine the costs. Know that when we prepared the \$24M estimate, we had one figure and one drawing which was a photographic survey of the line with a couple of color-coded lines on it. Some of you may remember that. Now we have an approximately 30% design. We also changed some things around on the Duke property in coordination with the folks at the Duke property. There are some other changes we need to get into a little more in the coming weeks. The plan is going to be to provide a more comprehensive summary of costs to the Planning and Finance Committees as we progress in the next couple of months.

A question arose, you indicated that there is 35% contingency, does that mean that 1/3 of the \$47M is contingency? No, the way we build up the costs is that we come up with a construction cost, that is labor, equipment and materials, which are not escalated. It is that value of the work based on some E&R index or some local construction cost data from geographies all over the US. The one that was used for this estimate was the Newark labor rates and database. The base cost for construction was \$24M. When you look at labor, materials, and equipment, the base cost is \$24M. To that we add general conditions, which are the contractors' overhead, insurance and all the other things that go into the job that doesn't necessarily result in physical improvements to the construction. That was a 13% markup on top of the construction number. Then you add other indirect costs like applicable taxes, permit costs, and other soft costs. At that point, you start to add contractor overhead and profit. In this most recent estimate, we went up to a 13%

OH&P and that compounds as well. So overhead is 13%, profit is 13% on top of that. So, when you compound 13% and 13%, it is 27% above that base construction number. 13% and 13% compounded, then compound that with 35 on top of that. Whereas the 24 in the original report, there was a straight 25% contingency. Another thing we added to the scope, remember we did the inspection of the Forcemain a few years ago and did a report on that. So there are deficiencies on there that we have to repair. It is a perfect opportunity to make those repairs while we are building this line because they are 10 or 15 feet away from the Forcemain. Same type of work, same type of contractor. That wasn't in the report scope. I know it is a lot to swallow and we are in a situation where we have to do these things because that line is beyond its service life. We want to keep everyone informed along the way.

Mr. Pratt asked our CFO, Peter Wozniak, have you had an opportunity to see how this affects our cash flow model that you've previously presented. Mr. Anastasio said in fairness to Peter, he is learning this for the first time too. We have to work this out too. When we come to the Planning and Finance Committees, we are going to have this worked out. Mr. Wozniak stated that we still have a long way to go because this is going to be a financed project. As we refine the numbers, I was a little skeptical of the initial number because there was no bypass pumping and no road flaggers, it was just a straight shot. As we get closer, we will figure it out and as you look ahead in terms of our longtime budget, not just next year, but the long-term, rate increases could be a potential here. We have a lot of cash to soften the blow but when you see these numbers, \$47M plus the Plantwide Mechanical Project, there are a lot of costs in there.

Mr. Schoettle wanted to be clear, this is not a gospel number at this point. It is based on the 30% design, but it is substantially enough difference where I thought it was appropriate at this point, after talking to Ron, that we give you all a heads up on where it is. A question was raised that have the Authority's Engineer and the Executive Director vetted these numbers? Mr. Anastasio answered that it is a work in progress. We just got this very recently. Sherwin included it in his report. We wanted to at least give you a heads-up of what we received, and we haven't really taken it apart yet. We made no secret about it that we thought the 35% contingency is heavy, although CDM Smith is working throughout the country, and they see what jobs are going for. The contractor ultimately is going to tell us what this is going to cost. It is important to know what the construction cost is, labor, material & equipment. And then the overhead and profit, and it depends on how competitive it is and depends on what other jobs are being bid on at the time. If it is a little dry out there, maybe people will be hungry. If there are a lot of jobs being bid at that time, there are only so many heavy contractors that can do this work in the State. We have to work our way through this. Plus, there are not a lot of elective things in there.

The question was raised, how do we recoup some of these expenses? Mr. Anastasio explained to think of it like this, we are rehabilitating a line that the Authority bonded for in 1957. Say you go out and buy a 1957 Chevy and drive it for 63 years and its shot. This is another cost, and we are going to spend this money. This line is going to be constructed of either PVC pipe or fiberglass reinforced pipe. Either of those are going to last, especially the PVC, will last 100 years. In 100

years, it probably will look great because it is not in the sun. PVC has been around for 50 years in sewers. Where the concrete and asbestos cement pipe that is out there, is shot. We had a point collapse at the very upper north end of the line, and we were in the throws of getting the storm control treatment facility awarded and off and running, and then this happened. We made a spot repair with a contractor and our workforce. I was thinking that we have to look at that interceptor at some point. When Sherwin Ulep came to work with us in 2014, as part of this big study for the storm control treatment facility project, DEP wanted us to TV our two interceptors along the river to see if there was any I&I in them. Sherwin ran that study, and we have that data. This analysis is based on that 2014 video. We did not go out and video it again in 2021 and saved about \$700,000 doing that. It didn't get better, it only got worse and CDM accounted for that further deterioration. We talk about this line and it runs parallel to the 2004 relief interceptor sewer which I was a part of and in that base scope of work, we had construction of the 4 ½ mile interceptor and all that went with it, tying into this pipe that we are looking to repair and replace. Also, part of that base contract was lining 3,000-5,000 feet of the lower most part of this line, and that was 20 years ago. We had a lot of trouble with the contractor and at the end of the day, we settled with the contractor and the work got done. There were just a few work items, and we said we're going to keep that money, you guys go, we'll part ways and finish a couple little things. We had to plant 732 trees along the Raritan River. We never went back and lined the pipeline. We thought we'd get to it and then we got busy relocating the outfall. We figured we could wait a little bit and we TV'd it in 2014 and we knew we had to get back to it. Now we are getting back to it. We have no choice. With a new line, we'll get another 100 years out of it.

Are we funding this all with what we get through capacities, or do we do assessments some time to municipalities? Mr. Anastasio repeated we just got this. If you think about it, the special assessment is the rate. It doesn't have to be the rate plus some other thing for 20 years. It could all be rolled into the rate. The way Peter and I look at this, we are paying off debt in the 2020 decade, this is the last year of the payment for the relief interceptor sewer. These borrowings are a lot smaller than what we are looking at in this project. But remember, we have another big project coming too. We are freeing up some debt service. We have 3 payoffs this decade. We don't know what the prevailing interest rates are going to be. We understand they are talking about cutting. That will work in our favor over time. Another nice thing is that by the time we permit and design and get ready to go out to bid on this project, it might be 2 years from now. That may further take us towards an economic condition where rates are dropping and that will cushion the blow a little bit. This fall, we will go to the Planning and then the Finance committees and then the full Board and lay this all out for you to see. We will also give you a roadmap financially and we will project the debt out and see what we are looking at. A lot of it is step by step. We have a little cushion fund that we built up for the storm control treatment facility debt service that we haven't had to tap yet but it's there. As we pay these loans off, we are still making that payment to ourselves to build up a little cushion to help along the way. Mr. Wozniak stated that besides the cash that we have on hand, the State is granting us money when we finance because half of it is interest free and we have inflation which helps in terms of what you are actually paying back because 30 years from now, when you pay back on your dollar, it is

less. But the key point is when you do these capital projects, you are going to have fewer operating costs and that has to be factored in too. You are going to save on interest on operating costs so there is some good news here besides the escalating capital costs.

Mr. Schoettle stated that there is room in this estimate to be less conservative than we are as well. A comment was made that this is a good point and we're glad Ron brought it up. When you think of the number, it is tough. It is tough at 35% to nail down a price. It is a big job. Mr. Schoettle reiterated that being the consultant who is working on calculations, we understand that this is not a stand-alone project that you can think about by itself. There are other obligations and there are going to be decisions that get made for the big picture. We have two teams working on this independently, on both projects, which is how we set it up originally. We are making sure there is collaboration across those lines in terms of how we prioritize the projects. Then have those discussions with the Authority's staff. I thought it was important, after talking with Ron last week, that we at least give you a glimpse of where we're at because I would hate to just show up to the Finance Committee and have this be a big surprise. It's not necessarily bad news but it's news that will evolve over time. Mr. Ulep stated that there are a couple of federal grants that are available for wastewater treatment facilities. Mr. Anastasio stated that we applied for a grant for the storm control pump station, and we didn't get it. They only awarded one project in the whole state. So, we can't count on that either but we have a job to do. We are confident that this group and this Board collectively, will manage this as good as anybody can. I believe in getting every day you can out of something and right before it fails, get it replaced so no bad things happen.

Mr. Schoettle stated that as to progress on the job is concerned, we are moving forward on it, and it is going to continue. The big deliverable we are waiting for is the final survey from our consultant. If you are really interested in looking at this, I am happy to walk anyone through the documents that are here. We are waiting for the survey to be finalized, and we can see the wetlands and the other topographic features we are going to need to deal with, but we are making very good progress.

2. Update on the Plantwide Mechanical Rehabilitation Project

Mr. Anastasio indicated that we keep making forward progress. We received a 30% design of our influent pump station work as well. We have 30% for the final clarifiers. We are just working through group by group. We are going to take a road trip to see some of the multimedia filters. We found a vendor that has a replacement for that, that is very similar to what we have now. We will go check out the site in New York on September 19th. Mr. Albano asked why the one vendor dropped out. Mr. Anastasio said they don't have a replacement that is very similar to the arrangement we have. This is like a big square cut into fours. It is two squares together, so it is eight cells. It is called a "scour pak", and we have two of them butted together. They don't have the center column design where you can fill one cell up and another is empty. The center column is the connection between the four of them. They don't have that arrangement. They

were thinking that they would create a one-off for us, almost like a prototype, but we don't really want that. The other company has something they provide that they can kind of plug in to what we've got. The first company deduced that the other vendor is more competitive, and they decided to bow out and even conceded that the other vendor is probably better for what we need. The original equipment manufacturer doesn't want any part of this. We are getting close to getting a solution. One thing that we did realize, and we will report on in subsequent meetings, is that we had to repair the influent pumps at that pump station. We had some failures with the pumps, and we rebuilt them. They've been in service since September 2000 or 2001 and we've rebuilt each pump more than 20 times. It doesn't make sense. We've lived with these things and there have been some inherent problems. We don't have a great situation. It is a big lift station and at a small flow or at a big flow, the resistance on the pumps is pretty similar. Plus, there are other things about the wet well that put some inherent vibrations in the pumps and we've mitigated that in the early 2000's. We've tweaked some things and got through it, but they get beat up. Our Maintenance Dept. and our other supervisors can probably name the part numbers off the top of their heads. They are expensive. If we fix certain things, we can reduce operating costs. We plan to straighten all this out. We got the report from the modeling company, and they came up with little tweaks or changes to our wet well that are going to straighten out a lot of problems. We are specking out a replacement pump and we'll have a fourth and fifth pump which are going to be spares. It hit us when we were doing budgets a month ago, so we don't know if we can wait. By the time we get this design done, it may be a year and a half and we have to get approval, advertise and award through DEP because it is a funded project. By the time the contractor orders the pumps, which could take a year, then they have to get to that portion of the job to do it, it could be four years before this is done. We are looking at procuring the pumps similar to the way we did for the other job. Under those PVSC contracts, there are provisions for subcontractor work and it is a possibility that wet well work be done and included with that pump work. We'll come back to the Committees and the Board if we come up with a solution, to speed it up. We only have 3 pumps to get the water into this plant and there are times we only have 2. Now we have the storm control station which also acts as a backup but that is not in great shape and those pumps are 33 years old.

3. Update on the Storm Control Pumping Station Project

Mr. Anastasio stated we are out to bid. We haven't gotten a lot of questions. We are preparing an addendum #1, as there are a couple of things we need to tweak. As I said earlier, we know we will not be able to get the BRIC Grant. We heard we were denied and looked into it as there is an appeals process. We learned for sure that we will not be able to receive a grant for this project at this time. We still have the County funds that were granted to us, which I understand from the Somerset County Counsel, that will be given to us once the job is awarded. We are on track to open bids on September 27th. We don't see anything that will change that. Not a lot of questions or clarifications came in. We'll get Addendum #1 out after Labor Day, but within time that we won't have to bump the bid opening date back.

4. Update on the Architect RFP issuance for the New Administration Building Project

We are getting that RFP out now, to the firms that have provided prices before and that job got simpler because now they don't have to look into weaving a new building into this old building. It is a nice clean sheet design and construction. There is a site out there on our property waiting for it. We'll keep you posted on the feedback we get back. That date is October 10th.

B. Engineer/Consultants – Thomas Schoettle, P.E., (CDM Smith)

Mr. Schoettle stated that he had nothing further to add to his report or to the discussion on the update of the Main Interceptor & Forcemain Rehabilitation Project.

C. Attorney – Mr. Brad Carney, Esq., Maraziti Falcon, LLP – No report this evening.

D. Department Reports:

1. Operations
2. Regulatory Compliance
3. Laboratory
4. Maintenance
5. Special Projects

E. Facility Engineer Reports:

1. Facility Engineers Monthly Report
2. Capacity Allocation
3. Capacity Assurance
4. Monthly Flow Report

Minute 12 – Communications – Standard monthly communication submittals to the State are in the Board book.

Minute 13 - Res. No. 24-0722-4 – Payroll

Upon Motion of Mr. Machala, Second of Mr. Albano, the above Resolution was approved by the following Roll Call Vote:

Roll Call Vote:

Robert Albano	Yes	John Murphy	Yes
Pamela Borek	Yes	Michael Pappas	Absent
Daniel Croson	Yes	Philip Petrone	Absent
Gary DiNardo	Yes	Reinhard Pratt	Yes
Vincent Dominach	Yes	Frank Scarantino	Yes
Edward Machala	Yes	Joseph Lifrieri	Yes

Minute 14- Res. No. 24-0722-5 – Bills

Upon Motion of Mr. Croson, Second of Mr. Albano, the above Resolution was approved by the following Roll Call Vote:

Robert Albano	Yes	John Murphy	Yes
Pamela Borek	Yes	Michael Pappas	Absent
Daniel Croson	Yes	Philip Petrone	Absent
Gary DiNardo	Yes	Reinhard Pratt	Yes
Vincent Dominach	Yes	Frank Scarantino	Yes
Edward Machala	Yes	Joseph Lifrieri	Yes

Minute 15 – Adjournment of Meeting

Upon Motion of Mr. Albano, Second of Mr. Machala, the Meeting was adjourned at 7:40 p.m.

Roll Call Vote:

Robert Albano	Yes	John Murphy	Yes
Pamela Borek	Yes	Michael Pappas	Absent
Daniel Croson	Yes	Philip Petrone	Absent
Gary DiNardo	Yes	Reinhard Pratt	Yes
Vincent Dominach	Yes	Frank Scarantino	Yes
Edward Machala	Yes	Joseph Lifrieri	Yes

**NEXT REGULAR BOARD MEETING WILL BE HELD ON
SEPTEMBER 23, 2024**