

State of New Jersey	KPMG - Middlesex County Utilities Authority	
Department of Treasury		
Integrity Monitor Report		
Middlesex County Utility Authority - Pumping Stations Contract # T-2939; EQ2014-004-P2&P3		
For Quarter Ending: 9/30/2016		

The reporting period for this report is July 1, 2016 through September 30, 2016

Under Section A-60, this report must be submitted by Integrity Monitors on the first business day of each calendar quarter to the State Treasurer and will contain detailed information on the projects/contracts/programs funded by the Disaster Relief Appropriations

No.	Recipient Data Elements	Response
A. General Info		
1.	Recipient of funding	Middlesex County Utility Authority (MCUA)
2.	Federal Funding Agency? (e.g. HUD, FEMA)	FEMA
3.	State Funding (if applicable)	Not Applicable
4.	Award Type	Grant
5.	Award Amount	Awarded Contractors and Award Amounts for Permanent Restoration and Mitigation work on Sayreville and Edison Pumping Stations is TBD.
6.	Contract/Program Person/Title	Permanent Restoration and Mitigation work on Sayreville and Edison Pumping Stations - TBD Program Person: Richard Fitamant, Executive Director
7.	Brief Description, Purpose and Rationale of Project/Program	<p>During the ongoing incident period of Post Super Storm Sandy, beginning on October 26, 2012, the Middlesex County Utilities Authority (MCUA or Sub-grantee) suffered substantial damage to its Pump Stations.</p> <p>MCUA's Sayreville Pump Station (SPS) utilizes six (6)-50 MGD (Million Gallons Daily) pumps and four (4)-40 MGD pumps to pump approximately 70 MGD of dry weather sanitary flow to 300 MGD of wet weather sanitary flow from 30 municipalities in Middlesex and Somerset counties to the central treatment plant. The storm surge inundated and damaged its onsite electrical substation and controls. Also, due to salt water intrusion the pumps, pump fittings, and pump motors were compromised and rendered inoperable.</p> <p>MCUA also owns and operates the Edison Pump Station (EPS), which is a regional raw sewage pumping facility that encompasses approximately 1.2 acres in Woodbridge, New Jersey. EPS pumps approximately 85 MGD of average daily dry weather sanitary flow from Carteret, Perth Amboy, Edison, and Woodbridge.</p> <p>MCUA engaged emergency contractors immediately after Super Storm Sandy to perform emergency clean-up, dewatering and restoration activities for both the original Sayreville Pumping Station and the Sayreville Relief Pumping Station resulting from storm damage.</p> <p>The Sub-grantee, through the New Jersey Office of Emergency Management (Grantee) has requested public assistance funding from the Federal Emergency Management Agency (FEMA) to fund permanent mitigation projects at Sayreville Pumping Station and Edison Pumping Station. This funding is in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5172), as amended; the Sandy Recovery Improvement Act (SRIA) of 2013; and the accompanying Disaster Relief Appropriations Act, 2013.</p> <p>This Hazard Mitigation Project for SPS and EPS include improvements and the construction of a floodwall. These projects are intended to maintain continuous operation of the Sayreville and Edison Pumping Stations as required by regulations, thereby greatly reducing the potential for untreated sewage discharges from the SPS as a result of equipment failures, power outages, and flooding.</p>

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8.	Contract/Program Location	Middlesex County Utility Authority 2571 Main Street Sayreville, NJ 08872
9.	Amount Expended to Date	Permanent Restoration and Mitigation work on Sayreville and Edison Pumping Stations - \$0.00
10.	Amount Provided to other State or Local Entities	Not Applicable
11.	Completion Status of Contract or Program	Emergency Work for Sayreville Pumping Station- 100% Complete. Sayreville and Edison Pumping Stations Permanent Restoration and Mitigation - NTP in November 2016
12.	Expected Contract End Date/Time Period	Sayreville and Edison Pumping Stations Permanent Restoration and Mitigation - November 2016 - November 2019

B. Monitoring Activities		
13.	If FEMA funded, brief description of the status of the project worksheet and its support.	<p>Funding for the approved Hazard Mitigation Proposals (HMP) was obligated under the respective FEMA PWs for Sayreville and Edison Pump Station.</p> <ul style="list-style-type: none"> • For Sayreville Pump Station PW 5061, the HMP represents \$61,659,218.32 of the project worksheet's total value of \$73,877,840.25. • For Edison Pump Station PW 5075, the HMP represents \$11,799,830.00 of the project worksheet's total value of \$15,760,971.59. Pursuant to the approved project worksheet, this HMP includes the construction of a floodwall surrounding the Edison Pump Station, the construction of an isolation vault with a bypass pumping system, and the construction of a riser ring to elevate the Northwest Access Shaft & Tunnel top slab above the design 500-year flood elevation.

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14.	<p>Quarterly Activities/Project Description (include number of visits to meet with recipient and sub recipient, including who you met with, and any site visits warranted to where work was completed)</p>	<p>July 21, 2016: Meeting with R3M Engineering to discuss current status of upcoming permanent repairs work for the SPS and EPS.</p> <ul style="list-style-type: none"> • MCUA received bids for both SPS and EPS on the 15th and 17th of June, respectively. • MCUA was set to award both contracts at the Commissioner’s Meeting on June 23rd, • On the morning of June 23rd, a “challenge” was posted for the SPS. • The apparent low bidder did not have all the required licenses. • The second low bidder was almost \$7 million higher than the low bidder. • MCUA rejected all bids as they were concerned about justifying this difference to FEMA, and is currently in the process of re-bidding the SPS project. • The EPS contract was awarded to Walsh Construction on June 23rd. MCUA is in the process of finalizing their contract and NJEIT funding documentation to commence with loan close out. • MCUA was contacted by Department of Community Affairs (DCA) that a contractor is contesting the EPS contract. <p>August 23, 2016: Discussed status of contractor bid and award process with R3M.</p> <ul style="list-style-type: none"> • The EPS project was issued a Notice to Proceed the week of August 14th. • The SPS project is being rebid, and the bid opening has been rescheduled for September 1, 2016. MCUA plans a special meeting to award the contract on September 8, 2016. <p>September 8, 2016: Conversation with R3M Engineering to discuss the SPS flood mitigation and permanent restoration contract award.</p> <ul style="list-style-type: none"> • The contract was awarded to the lowest qualified bidder, Northeast Remsco Construction, in the amount of \$67,398,000. • This bid was 8.3 percent below the Engineer’s Opinion of Probable Construction Cost of \$73,500,400. <ul style="list-style-type: none"> • Northeast Remsco has previous experience working with MCUA performing the Replacement of Bar Screens Contract at SPS. • MCUA and Northeast Remsco are also currently working together on the following two projects: Contract 13-9-3: Dewatering Odor Control System Rehabilitation and Contract 13-1-1: Primary Tank Rehabilitation, Phase II. <p>September 20, 2016: As requested by KPMG, R3M Engineering provided the following documents related to the SPS recent bid and award:</p> <ul style="list-style-type: none"> • Contract drawings and specifications • Bid packages from all five bidders • Proof of Advertisement • Bid tabulations • Recommendation to Award letter
15.	<p>Brief Description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program.</p>	<p>This quarter, MCUA was in the process of finalizing and issuing the construction contractor solicitations for both pumping stations, resulting in minimal integrity monitoring work during the pre-construction period.</p>
16.	<p>Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.</p>	<p>This quarter, MCUA was in the process of finalizing and issuing the construction contractor solicitations for both pumping stations, resulting in minimal integrity monitoring work during the pre-construction period.</p>


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17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	No contractor payment requisitions were issued this period.
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	Conducted periodic discussions with the owner's representative, R3M, to understand the status of procurement and contracting processes for both SPS and EPS. This quarter, MCUA was in the process of finalizing and issuing the construction contractor solicitations for both pumping stations, resulting in minimal integrity monitoring work during the pre-construction period.
19.	Provide details of any integrity issues/findings	No noted issues this quarter.
20.	Provide details of any work quality or safety/environmental/historical preservation issue(s).	No noted issues this quarter.
21.	Provide details on any other items of note that have occurred in the past quarter	No other items to note this quarter.
22.	Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters	No actions required.

C. Miscellaneous		
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	Attached. See July - September 2016 Time & Expense Summary Tab.
24.	Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program.	None.

Name of Integrity Monitor:	KPMG
Name of Report Preparer:	Kevin Max
Signature:	
Date:	12/30/2016

Time Summary	
Resource	Hours Incurred (July - September)
Kevin Max	0.00
Ryan Coco	2.00
John Christensen	1.00
Grand Total	3.00

Expense Summary	
Resource	Amount
Kevin Max	0.00
Ryan Coco	0.00
John Christensen	0.00
Grand Total	0.00