

State of New Jersey
 Department of Treasury
 Integrity Monitor Report
 Middlesex County Utility Authority - Pumping Stations Contract # T-2939; EQ2014-004-P2&P3
 For Quarter Ending: 12/31/2019

The reporting period for this report is October 1, 2019 through December 31, 2019

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 Act.

No.	Recipient Data Elements	Response	Comments
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 are as follows: Sayreville Pump Station (SPS) award: \$67,398,000 to Northeast Remco Construction Inc. Change Orders through Invoice #31 = \$5,844,484.78 Edison Pump Station (EPS) award: \$26,871,000 to Walsh Construction Co. II Change Orders through Invoice #38 = \$1,123,210.25	
6.	Contract/Program Person/Title	Permanent Restoration and Mitigation work on Sayreville and Edison Pumping Stations Program Person: Joseph Cryan, Executive Director MCUA	
7.	Brief Description, Purpose and Rationale of Project/Program	During the ongoing incident period of Post Superstorm Sandy, beginning on October 26, 2012, the Middlesex County Utilities Authority (MCUA) suffered substantial damage to its Sayreville Pump Station and Edison Pump Station. These damages prompted the sub-grantee to immediately secure emergency contracts to prevent further damage to the existing infrastructure and prevent raw sewage from being discharged into the waterways. In addition, future contracts were to be awarded for permanent restoration and flood mitigation work at the two pump stations. On March 27, 2013, the Integrity Oversight Monitor Act ("the Act") was enacted for the purpose of authorizing the deployment of Integrity Oversight Monitors for recovery and rebuilding contracts resulting from Superstorm Sandy and subsequent major storms in New Jersey. The Act authorizes the State Treasurer to require integrity oversight monitor services on any State or non-State, federally funded, recovery and rebuilding contract of \$5 million or more. KPMG LLP ("KPMG") was engaged by the Department of Treasury ("DOT") to serve as the Integrity Oversight Monitor ("IM") for MCUA, given that contracts for both the Sayreville Pump Station and Edison Pump Station projects exceed the \$5 million threshold required by the Act. On June 24, 2016, MCUA received authorization to award Contract 14-3-2(EPS) titled Flood Mitigation, Restoration and Upgrade of the Edison Pump Station in the amount of \$26,871,000 to Walsh Construction Company II, LLC. On December 1, 2016 MCUA received authorization to award Contract 14-1-4 (SPS) (REBID) titled Flood Mitigation and Permanent Restoration of Sayreville Pump Station in the amount of \$67,398,000 to Northeast Remco Construction Inc. This contract was re-bid due to bid protests concerning completeness of apparent low-bidder PKF-Mark III's original bid. At that time the bid submitted by PKF-Mark III was \$66,410,010.	
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 Pump Station: \$58,008,315.20 Permanent Restoration and Mitigation work on Edison Pump Station: \$25,788,546.08	
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 Pumping Station Permanent Restoration and Mitigation - 79% (as of December 2019) Edison Pumping Stations Permanent Restoration and Mitigation - 92% (as of December 2019)	
12.	Expected Contract End Date/Time Period	Sayreville and Edison Pumping Stations Permanent Restoration and Mitigation - November 2016 - June 2020	

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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. 	
14.	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>October 1 – 30, 2019: Reviewed both Sayreville Pump Station (SPS) and Edison Pump Station (EPS) project documentation sites for latest submitted project documentation including most recent invoices, updated project schedules, general correspondence, certificates of insurance, and certified payroll reports.</p> <p>October 18 , 2019: Reviewed the most recent application for payment for the SPS and EPS Projects.</p> <p>October 18 , 2019: Reviewed allowance orders included in recent applications for payment for the EPS and SPS projects.</p> <p>October 18-23 , 2019: Assessed compliance with Socially and Economically Disadvantaged (SED) business requirements for the EPS project. Including review of Walsh Construction's initial plan and utilization through June 30, 2019.</p> <p>October 25, 2019: Attended Construction Progress Meeting for the SPS Project. Attendees included the following:</p> <ul style="list-style-type: none"> • Arcadis • NRC • R3M Engineering • Concord • KPMG <p>October 25, 2019: Conducted a site visit of the SPS project to review construction progress. Site visit was attended by William McCarthy (R3M Engineering) and Justin Mazza (KPMG).</p> <p>October 25, 2019: Conducted a site visit of the EPS project to review construction progress. Site visit was attended by Rafael Castiblanco (Mott MacDonald) and Justin Mazza (KPMG).</p> <p>November 1 – 31, 2019: Reviewed both Sayreville Pump Station (SPS) and Edison Pump Station (EPS) project documentation sites for latest submitted project documentation including most recent invoices, updated project schedules, general correspondence, certificates of insurance, and certified payroll reports.</p> <p>November 1 - 8, 2019: Reviewed the most recent application for payment for the SPS and EPS projects.</p> <p>November 1 - 8, 2019: Reviewed allowance orders included in recent applications for payment for the EPS and SPS projects.</p> <p>November 13, 2019: Attended Construction Progress Meeting for SPS Project. Attendees included the representatives of the following firms:</p> <ul style="list-style-type: none"> - MCUA - R3M Engineering - Arcadis - NRC - Lehr - KPMG <p>November 13, 2019: Conducted a site visit of the SPS project to review construction progress. Site visit was attended by William McCarthy (R3M Engineering) and Justin Mazza (KPMG).</p> <p>November 13, 2019: Conducted a site visit of the EPS project to review construction progress. Site visit was attended by Rafael Castiblanco (Mott MacDonald) and Justin Mazza (KPMG).</p> <p>November 14, 2019: Commenced schedule review of the SPS project.</p>	

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
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No.	Recipient Data Elements	Response	Comments
		<p>November 19 - 22, 2019: Compared site access for the SPS project to certified payroll for the month ending 10/31.</p> <p>November 25- 26, 2019: Compared site access for the EPS project to certified payroll for the month ending 10/31.</p> <p>December 1 – 30, 2019: Reviewed both Sayreville Pump Station (SPS) and Edison Pump Station (EPS) project documentation sites for latest submitted project documentation including most recent invoices, updated project schedules, general correspondence, certificates of insurance, and certified payroll reports.</p> <p>December 2- 7, 2019: Reviewed the most recent application for payment for the SPS and EPS Projects.</p> <p>December 2- 7, 2019: Reviewed allowance and approved changes included in recent applications for payment for the EPS and SPS projects.</p> <p>December 18, 2019: Attended Construction Progress Meeting for the SPS Project. Attendees included representatives from the following organizations:</p> <ul style="list-style-type: none"> • MCUA • Arcadis • R3M Engineering • Northeast Remsco Construction • Concord Engineering • KPMG <p>December 18, 2019: Conducted a site visit of the SPS project to review construction progress. Site visit was attended by William McCarthy (R3M Engineering) and Justin Mazza (KPMG).</p> <p>December 18, 2019: Conducted a site visit of the EPS project to review construction progress. Site visit was attended by Rafael Castiblanco (Mott MacDonald) and Justin Mazza (KPMG).</p> <p>December 14-18, 2019: Commenced schedule review of the SPS project. To be reported on in January monthly report.</p> <p>December 17-19, 2019: Compared site access for the SPS project to certified payroll for the month ending 11/31. .</p> <p>December 18- 19, 2019: Began certified payroll testing for the EPS project. Awaiting site access records to complete testing.</p>	
15.	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.	This quarter we frequently accessed both the SPS and EPS project SharePoint sites, which contain all key project data and information. KPMG receives notifications when additional documentation and data are uploaded in relation to these contracts and reviews accordingly. Additional information requests provided to MCUA, R3M Engineering, and Mott Macdonald by KPMG are promptly responded to and additional documentation is provided.	
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	<p>This quarter we performed the following audit activities:</p> <ul style="list-style-type: none"> -Reviewed pricing of change orders and allowances to verify compliance with contract documents. -Reviewed construction contractor applications for payment for compliance with contract documents. -Reviewed invoicing for stored materials to verify that invoiced costs were supported with proper documentation. -Reviewed certified payrolls and site access documentation to verify compliance with prevailing wage determinations. -Reviewed insurance documentation for compliance with contract document. -Conducted site visits to assess quality, safety and compliance with contract terms. 	

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No.	Recipient Data Elements	Response	Comments
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	<p>KPMG reviewed the following payment requisitions this quarter.</p> <p>Sayreville Pump Station Pay Apps -</p> <ul style="list-style-type: none"> - Northeast Remsco Construction Pay Req #30 (10/8/2019) - \$1,278,953.38 - Northeast Remsco Construction Pay Req #31 (11/12/2020) - \$1,252,867.88 - Northeast Remsco Construction Pay Req #32 (12/3/2019) - \$1,278,953.38 - Northeast Remsco Construction Pay Req #33 (1/14/2020) - \$1,252,867.88 <p>Edison Pump Station -</p> <ul style="list-style-type: none"> - Walsh Construction Company II Pay Req #37 (10/10/2020) - \$587,787.01 - Walsh Construction Company II Pay Req #38 (11/13/2019) - \$606,908.19 - Walsh Construction Company II Pay Req #39 (12/5/2019) - \$511,954.65 - Walsh Construction Company II Pay Req #40 (1/14/2019) - \$615,007.89 	
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	<p>This quarter we performed the following:</p> <ul style="list-style-type: none"> - Attended monthly project meetings. - Visited project sites to assess status of work in field, resources on site, project oversight and safety. - Reviewed project documentation including meeting minutes to gain understanding of project status. - Reviewed uses of allowances. - Reviewed insurance certificates. - Reviewed project schedules. - Reviewed <u>certified payroll and site access documentation.</u> 	
19.	Provide details of any integrity issues/findings	No integrity issues identified 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.	<p>During this quarter, KPMG identified the incorrect application of the contractor mark-up on a change order for Walsh Construction on the EPS Project. The incorrect application of the contractor mark-up resulted in an overpayment to Walsh Construction.</p> <p>KPMG identified issues with both EPS and SPS daily sign-in sheets tracking.</p> <p>KPMG conducted a review of the EPS closeout checklist and Punchlist for missing contractual obligations and results were presented to the project team.</p> <p>KPMG identified inadequate support provided for stored materials throughout the duration of the EPS Project.</p>	
22.	Provide details of any actions taken to remediate waste, fraud and abuse	EPS and SPS project team implemented site access recommendations to improve daily sign-in sheet and certified payroll discrepancies.	
C. Miscellaneous			
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	Attached. See October 2019 to December 2019 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:		3/31/2020	

Title	Hours Incurred (October - Decemeber)
PARTNER	6.00
DIRECTOR	41.00
PROGRAM MANAGER	20.25
SENIOR CONSULTANT	22.50
CONSULTANT	101.75
	191.50

Title	Expenses Incurred (October - Decemeber)
CONSULTANT	101.87
	101.87