



Township of East Brunswick

DEPARTMENT OF FINANCE
L. MASON NEELY
CHIEF FINANCIAL OFFICER

RECEIVED

August 11, 2015

AUG 14 2015

BOARD OF PUBLIC UTILITIES
MAIL ROOM

Irene Kim Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue
PO Box 350
Trenton, NJ 08625

WO15080941

Re: Petition for Contract Approval by Township of East Brunswick under New Jersey Water Supply Public-Private Contracting Act. N.J.S.A. 58:26-19 *et. seq.*

To the Honorable Board of Public Utilities:

The Township of East Brunswick is a Municipal Corporation within the County of Middlesex One operating Division is the East Brunswick self-liquidating Water Utility, which provides water service to East Brunswick and bulk sales of water to Spotswood, South River and Helmetta. The Township is seeking approval of a Public Private Contract between the Township of East Brunswick and Utility Service Group similar to the approval recently granted under BPU Docket #WO15050548 to the Township of Mahwah.

The Township of East Brunswick has three storage vessels (a.k.a. tanks) two are elevated tanks, which are hydropillar facilities, hosting three million gallons of water in the air to provide head pressure and a ten million gallon ground level reservoir. These three storage vessels service the critical needs during the max days and max hours and/or any kind of interruption in the water supply. These water vessels in the future shall be referred to as "tanks" and are currently in need of repair currently and continuously in order to provide high quality storage of water to protect the investments the Township has made in the tanks. We have negotiated a Contract with Utility Service Group (a copy attached), which provides for GASB 34 Compliance in order to have the tanks fully restored in a planned approach, maintained at zero depreciation for the next forty (40) years. This Contract is designed to protect the tax payers and Water Utility Customers investment which they have placed into the tank system.

Under the Public Private Contracting Provisions of New Jersey said Contract is subject to review, modification, comment and approval by the New Jersey Board of Public Utilities, Department of Environmental Protection and New Jersey Department of Community Affairs. Separate letters are sent to each of the three State Agencies and this letter along with the filing fee of \$25 and the ten original copies is the first step for your review.

CMS
LEGAL
DPA
RPA

M. Kammer
WATER

K:\Water\Utility Service\BPU Ltr July 2015.docx

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We understand you are familiar with the firm called Utility Service Group (USG) and they have supplied to the Board, under a prior Docket, their Audit, Financial Performance and information which would permit you to feel confident they are both capable to perform the tasks, as well as reliable for future compliance with the contract. The Township is not relying solely on the reputation or the financial reports of USG; however, we are requiring insurance guarantees to be filed with the Township as part of the Contract to ensure compliance in full with the Public Private Tank Asset Management Program.

As the Board reviews the Contract, I believe it is important for you to understand the Water Utility of East Brunswick and the impact of this Contract may have on the rate payers within our Township and the adjoining communities. It is the Utility's policies to fund all improvements through short-term Notes and Retire the Notes in accordance with the limited statutory provisions of N.J.S.A. 40A:2-A. Therefore, the Township has replaced all the old 1950 lines. The Township has good working equipment, it is fully funded and there are no open obligations. The painting and maintenance of the tanks is a cost which will be funded and paid for with short-term obligations and will not result in bonding or burdensome cost on Water Utility. The Water Utility has operated with a positive Fund Balance for years and attached is a copy of our POS, which is used for financing in the capital market. I particularly draw your attention to page 14 and 15, which summarizes the Utility Budget and the Fund Balance of the Operating Utility. Also the Comparative Balance Sheets are found on Section A of the Official Statement. The signing of a Contract with USG by the Township through the Water Utility will have minimal or marginal impact on the rate structure of the Township. The Township's tariff for water is among the lowest in the State while quality and reliability are among the highest in the State for we have maintained the system in excellent operating condition.

The proposed Contract is for a period of 40 years; however, the governing body does have the option to terminate the Contract at any time by exercising the "Notice to Terminate". Also the Contract provides for full insurance in accordance with the RFP, which was developed and the Township will be fully protected. The tanks will be in full compliance with the "A.W.W.A Specifications" and we will implement GASB 34 for zero depreciation.

On Page 3 of 7 of the Contract is the proposed payment schedule, as each of the three tanks will be restored at a different time. The Fern Road tank needs work immediately and I am asking The Board to review our Contract in an expeditious manner in order to permit us to comply with the September, October time frame when we would take the Fern Road tank off line. It could be painted at the end of summer and prior to commencement of colder winter weather.

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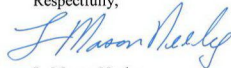
BOARD OF PUBLIC UTILITIES
MAIL ROOM

Irene Kim Asbury, Secretary
Board of Public Utilities
August 11, 2015
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All the tanks have been tested and there is a small amount of lead in the primer in two of the tanks; however, the lead can be neutralized and will not be considered a hazardous waste in accordance with the EPA standards. Therefore, the painting of the tanks and the Contract Management will not cause extraordinary expenses to be incurred or unforeseen events to result.

I would be pleased to answer any concerns or questions, the Board may have relative to Discovery, as it pertains to this Petition seeking expedited approval of the Contract.

Respectfully,



L. Mason Neely
Chief Finance Officer

LMN/iws
Enclosures

cc: Mayor David Stahl
Nennette Perry, Township Clerk
Mike Kammer, BPU, via regular mail - PO Box 350, Trenton, NJ 08625
Maria Moran, BPU, via regular mail - PO Box 350, Trenton, NJ 08625
T. David Wand Dag, BPU, via regular mail - PO Box 350, Trenton, NJ 08625
Joe Jasinski, Utility Service Group, via e-mail jjasinski@utilityservice.com

TOWNSHIP OF EAST BRUNSWICK
RETAIN FOR YOUR RECORDS

NO. 246

DESCRIPTION		AMOUNT
PO: 15-03953 DESC: \$25 Filing Fee EB Petition INV: FILING FEE AMT: 25.00		25.00
VENDOR TREASURER, STATE OF NEW JERSEY		CHECK DATE 07/10/15
		CHECK AMOUNT 25.00

REMOVE DOCUMENT ALONG THIS PERFORATION

TOWNSHIP OF EAST BRUNSWICK
WATER UTILITY
P.O. Box 1081
EAST BRUNSWICK, NJ 08816-1081

TD BANK, N.A.

NO. 246

55-136/312

VOID AFTER 180 DAYS

DATE ISSUED
07/10/15

CHECK NO.
246

CHECK AMOUNT
25.00

Twenty Five AND 00/100 Dollars

TO THE ORDER OF:
TREASURER, STATE OF NEW JERSEY

J. Mason Neely
CHIEF FINANCIAL OFFICER

⑈000246⑈ ⑆031201360⑆ 7885084904⑈

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Township of East Brunswick

NENNETTE PERRY, RMC/CMR

MUNICIPAL CLERK

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August 11, 2015

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BOARD OF PUBLIC UTILITIES
MAIL ROOM

Matthew Menold VP Corrosion Control Corp. 177 Route 130 Pedricktown, NJ 08067	Tom Sulkowski President US Tank Painting Inc. 900 Rike Drive Millstone Township, NJ 08535	Martin A Mazzilla Utility Service Group 535 Courtney Hodges Blvd. P O Box 1350 Perry, Georgia 31069
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RE: Management and Full Service Maintenance Program
For Water Storage Vessel (Tanks)
Public Hearing August 31, 2015

Dear RFP Submitter:

Last night at the Council meeting, the Township Council passed Resolution No. 15643 authorizing to hold a public hearing to review the contract with Utility Services Group on **August 31, 2015 at 8:00 pm**. Attached is a copy of the legal notice which will be published according to law.

If you have any questions, please do not hesitate to contact me.

Respectfully,

Nennette Perry, RMC/CMR
Township Clerk\ Registrar

/np

Cc: Township Council
Mayor David Stahl
James White, Administrator
Jean Cipriani, Township Attorney
L. Mason Neely, CFO
Edwin Walker, Director Water/Sewer Utility
File/chrono

P.O. BOX 1081 EAST BRUNSWICK, NEW JERSEY 08816-1081

(732) 390-8850

FAX 238-8848

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BOARD OF PUBLIC UTILITIES
MAIL ROOM

Resolution # 15643

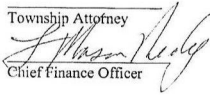
4. The proposed contract and resolution with Utility Services Group shall be submitted to the Board of Public Utilities State of New Jersey, The Department of Community Affairs State of New Jersey and to the Department of Environmental Protection for review during which times they will have sixty (60) days to approve or conditionally approve the contract as drafted.
5. The governing body by formal action through passage of a Resolution at their meeting of August 10, 2015 will begin the formal process of providing Notice, making the contract available for public inspection and provide Notice to all interested parties who responded to the RFQ.
6. The contract as drafted is conditioned upon the approval of the three (3) State Agencies (BPU, DCA and DEP) and the results of the public hearing will be held on August 31, 2015 at 8:00 P.M.

BE IT FURTHER RESOLVED that this resolution shall be reconsidered after comment by State Agencies, and the Public Hearing, and if approved the Mayor and Clerk can sign the Contract.

CERTIFICATION:

Administrator

Township Attorney


Chief Finance Officer

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BOARD OF PUBLIC UTILITIES
MAIL ROOM

**TOWNSHIP OF EAST BRUNSWICK
COUNTY OF MIDDLESEX
PUBLIC NOTICE**

The Township Council of the Township of East Brunswick will hold a public hearing under the NJ Water Supply Public-Private Contracting Act (NJS.A 58:26-23 et seq) on the MANAGEMENT AND FULL SERVICE MAINTENANCE PROGRAM FOR WATER STORAGE VESSEL (TANKS). The public hearing will be held on Monday, August 31, 2015 AT 8:00 p.m. in the courtroom of the Municipal Building, located at One Civic Center Drive, East Brunswick, N.J.

The Township is interested in offering a 40 year contract to:

Utility Service Group
535 Courtney Hodges Blvd.
P O Box 1350
Perry, Georgia 31069

The Request for Proposals, ordinance and other contract documents are available for public examination at the East Brunswick Municipal Clerk's Office located at One Jean Walling Civic Center Drive, East Brunswick between the hours of 9:00 am to 4:00 pm.

ATTEST:

Nennette Perry
Township Clerk