

APPROVED

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
REGULAR MEETING MINUTES

SEPTEMBER 15, 2016

365 Old York Road, Flemington, New Jersey
(908) 782-7453 Office (908) 782-7466 Fax

1. **MEETING CALLED TO ORDER AT 5:00 PM**

The meeting of the Raritan Township Municipal Utilities Authority (RTMUA) was called to order stating that the meeting had been advertised in accordance with the Open Public Meetings Act setting forth the time with the RTMUA office as the place of said meeting. It was further stated that a copy of the Agenda was posted on the RTMUA office bulletin board.

2. **ATTENDANCE ROLL CALL:**

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| Dr. Buza | Here |
| Dr. Dougherty | Absent |
| Mr. Kendzulak, Jr. | Here |
| Chair Kinsella | Here |
| Mr. Tully | Here |

Also present were Greg LaFerla, RTMUA Chief Operator / Director; Regina Nicaretta, RTMUA Executive Secretary; Nancy Wohlleb, PE, Mott MacDonald; C. Gregory Watts, Esquire, Watts, Tice & Skowronek.

3. **PLEDGE OF ALLEGIANCE**

4. **APPLICATIONS:**

None

5. **RESOLUTIONS:**

Chair Kinsella – I'm going to start with Resolution #2016 – 74, Mr. Cragin, if you'd like to go over the Budget Report.

Mr. Cragin – The copy of the Budget that everybody got was a balanced budget and it didn't include any fund balance. In talking to some of the Board members, it seems like we're going to work on what we had developed, we're going to revise it and then introduce it at the October meeting. I think we want to work on what kind of increase you guys are looking for and see what kind of expenses we need to cut or revenues we can look at to revise. When the Budget was developed one of the numbers we had was Connection Fees, we included zero, after talking about Toll Brothers and some of that, it looks like we can revise that and increase that to about \$75,000.00. After you include those revenues you're looking at about an 8.5% increase. The other numbers we talked about cutting maybe is the sludge disposal. I don't know what kind of increase you guys were looking for, somewhere maybe in the range of 5% might be a little more doable; a 5% increase would be about a \$29.00 increase for the year per user which is about \$7.00 per quarter, give or take.

Mr. Kendzulak, Jr. – I did go through the Budget with Mr. Cragin and initially the way it was put together, the assumptions that were made were zero for Connection Fees and we were at a 10.1% increase which equated to a \$59.00 per year hike. I know Connection Fees are a slippery slope that we've been on before and in the past we used to be very optimistic and we never achieved those numbers and it was Bowman's recommendation to wean ourselves off of them but in saying that, to say they're going to be zero is really not a fair statement and there's an opportunity there to take some of the heat off of the ratepayers. We also looked at the sludge and Mr. LaFerla is going to look at the numbers and we're going to revisit that because where we are expenditure wise through this year so far, we're actually below the budgeted amount for this year and it needs to be looked at a little bit closer. Mr. Cragin and I had spoken, the intent is usually to introduce the Budget in September and adopt it in October, our Budget goes from December 1 to November 30. I know in the past we didn't always meet that ideal schedule and my question to Mr. Cragin is, is there any harm if we put this thing off another month and introduce it in October and adopt it in November? It would be before our old Budget ended and the new one began.

Mr. Cragin – I don't think that will cause any issues; the main goal is you have to adopt your Budget before the year starts and by doing that at the November meeting you will still meet that criteria.

Mr. Kendzulak, Jr. – So it gives us an opportunity to look at it again and also there was looking at the Capital Plan and there's questions with regards to the Capital Plan and the Five Year Plan on what projects should go and the

dollar amounts associated with those things. That needs to be looked at more closely. With that being said, it's a plan, we don't have to go through with anything but it should be realistic and I think that other month gives us an opportunity to look at that and make that more realistic.

Mr. Cragin – Going back to some of the Budget numbers, you have experienced a little bit of a decrease in some revenues; septage revenues, we projected to be lower this year, a place opened up in Phillipsburg and you're only at about 67% of what you received in 2015 so we had to revise that number from \$375,000.00 for 2016 down to \$267,000.00 for 2017 which we think is a more realistic number. Also, when we estimate the Flemington billing we seem to be estimating high and then adjusting at the end of the year; I took a more realistic approach towards the number because what I found when I looked at the 2015 bill, the estimates were about 80% of what we actually got from Flemington. So I took our number from \$670,000.00 we budgeted in 2016 down to \$608,000.00, I think that's a more realistic number of what we can expect from Flemington for their share. We increased the Industrial revenue; looking at the EDUs, for 2014 you were about 1,625 EDUs, 2015 it was up to 1,813; the final numbers for 2016 are obviously not available yet so we averaged right in the middle, we averaged about 1,700 EDUs for Industrial usage and that can vary based on how much they actually use but I think 1,700 is a good number to base the Budget on. One other thing I was going to touch on while I was here; some of the Board members had concerns over the one Finding in the 2015 Audit Report about how it was a repeat Finding; I have a letter from the partner at Bowman and Company, basically it was based on the timing of the Audit, we had found the Finding in 2014, you issue a lot of your Contracts in the beginning of the year so what had happened was you had issued most of your Contracts before we had sat down to discuss what we had found during the 2014 Audit. We just came in to do preliminary testing for the 2016 year; we tested five Contracts, we looked at them and we had no issues. There is the possibility that you'll issue more Contracts because the year isn't over but we do not anticipate that Finding to repeat in 2016; I have a letter here explaining that.

Mr. Kendzulak, Jr. – And this one Finding basically incorporates four deficiencies but it's all one Finding.

Mr. Cragin – It's all under Bids and Contracts; like I said, everything that was included in the Finding was addressed during our 2016 test, that's the test we'll basically use for our Audit and will result in no Findings.

Chair Kinsella – So as it stands right now, we're going to table this until next month.

Mr. Kendzulak, Jr. – They'll be dialog to clean this thing up and we should have a better idea on it by next month.

Chair Kinsella – What we're going to do now is go to Resolution #2016 – 63.

Resolution #2016 - 63 Appointment of Consulting Engineer and Awarding of Contract
(not to exceed \$52,000.00)

Chair Kinsella – He's a great resource that we have.

Mr. Coppola – I'm very excited to be of help to the Board and I like the little bits and pieces of it that I'll be working on. The people working here and the people on this Authority have been very nice to me. I'll do my best to help you as much as I can.

Mr. Kendzulak, Jr. made a motion to approve Resolution #2016 – 63 Mr. Tully seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 62 Corrective Action Plan

Mr. Kendzulak, Jr. a motion to approve Resolution #2016 - 62, Mr. Tully seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 64 Employment of Samantha Hallinger

Dr. Buza made a motion to approve Resolution #2016 - 64, Mr. Tully seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 65 A Resolution to Affirm RTMUA's Civil Rights Policy with Respect to All Officials, Appointees, Employee, Prospective Employees, Volunteers, Independent Contractors and Members of the Public that Come into Contact with Municipal Employees, Officials and Volunteers

Mr. Tully made a motion to approve Resolution #2016 - 65, Mr. Kendzulak, Jr. seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 66 Suspension of Imposition of User Fees Raritan Township Fire Company (Block 40.01 Lot 50 and Block 63.14 Lot 28)

Mr. Tully made a motion to approve Resolution #2016 - 66, Dr. Buza seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 67 Authorizing Application for Loan from the New Jersey Environmental Infrastructure Financing Program Main Treatment Plant Improvements – Final Clarifier Refurbishment Project

Mr. LaFerla – This is just authorizing me to sign documents for the loan for the project.

Chair Kinsella – Where are we with that?

Mrs. Wohlleb – We're in the design, we're still receiving comments from the DEP on the Loan Application and the front end of the Technical Specifications and all the requirements. I don't know when we'll get our final letter from the State. We're also working with Mr. LaFerla, finishing up the design.

Mr. Kendzulak, Jr. – The Engineer's Estimate on that for construction is?

Mrs. Wohlleb – About 1.7 million, 1.71 million.

Mr. Tully made a motion to approve Resolution #2016 - 67, Mr. Kendzulak, Jr. seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 68 Award of Contract for Purchase of Dry Polymer

\$1.49 per pound / \$28,310.00 total bid (19,000 pounds)

Dr. Buza made a motion to approve Resolution #2016 - 68, Mr. Kendzulak, Jr. seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 69 Award of Contract for Purchase of Inorganic Sulfur Dioxide

\$0.515 per pound / \$30,900.00 total bid (60,000 pounds)

Dr. Buza made a motion to approve Resolution #2016 - 69, Mr. Tully seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 70 Award of Contract for Purchase of Sodium Hypochlorite

\$0.9223 per gallons / \$69,172.50 total bid (75,000 gallons)

Dr. Buza made a motion to approve Resolution #2016 - 70, Mr. Kendzulak, Jr. seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 71 Approval of Proposal for Janitorial Services

Total Proposal = \$9,780.00

Mr. LaFerla – We got three proposals for Janitorial services, we talked about this at the last meeting; we'd like to keep Sehgal Cleaning Services.

Mr. Kendzulak, Jr. – I personally think we should award to the low proposal. I know you are pleased with him but we don't know, maybe the low proposal is better than who we have now.

Dr. Buza – Are you basing your decision just upon the fact that you are very happy with the current service or do you have reason to believe the lower company isn't good?

Mr. LaFerla – We've had problems in the past with other companies and we've finally got someone we like and we don't want to take a chance. We've never used either of these other two.

Chair Kinsella – What's the difference between the lowest and his proposal?

Mr. LaFerla – The lowest proposal is \$7,546.00 and his is \$9,780.00; \$2,200.00.

Dr. Buza – If you're happy with the services, sometimes it is better to go with what you know though I understand what Mr. Kendzulak, Jr. is saying.

Dr. Buza made a motion to approve Resolution #2016 - 71, Mr. Tully seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | No |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 72 Approval of Proposal for Mowing Services

(\$300.00 per cut MTP; \$100.00 per cut FWWF; Contract Apr. – Nov.)

Mr. Tully made a motion to approve Resolution #2016 - 72, Mr. Kendzulak, Jr. seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 73 Return of L & E

Mr. Kendzulak, Jr. made a motion to approve Resolution #2016 - 73, Mr. Tully seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

Resolution #2016 - 74 Introduction of the FY 2017 Budget

TABLED

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| Roll call vote: | Dr. Buza | - |
| | Dr. Dougherty | - |
| | Mr. Kendzulak, Jr. | - |
| | Chair Kinsella | - |
| | Mr. Tully | - |

Resolution #2016 – 75 Revision of Personnel Policies and Procedures
Manual and Employee Handbook

Mr. Kendzulak, Jr. – Mr. LaFerla, we have job descriptions for everyone?

Mr. LaFerla – Yes.

Mr. Kendzulak, Jr. – Mr. Watts, in regards to the FMLA, is this section okay with you?

Mr. Watts – Yes, it's okay the way it is.

Dr. Buza – I do have changes for the Continuing Education Policy / Procedure and there is a typo on Page 47. As long legal counsel has reviewed it I feel good about it.

Mr. Tully made a motion to approve Resolution #2016 - 75, Mr. Kendzulak, Jr. seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

6. Approval of Minutes: Minutes of August 18, 2016
Minutes of August 25, 2016 (Special Meeting)

Mr. Kendzulak, Jr. – The only question I have is the Hunterdon Central Sewer Main project as far as where we stand because we are running out of time.

Mr. Watts – We finally got comments, I just distributed them to Mrs. Wohlleb and Mr. LaFerla, the HS has not addressed everything so we'll get our comments together and get them back to the other attorney right away; we're making headway.

Mr. Kendzulak, Jr. – Mrs. Wohlleb, what is the window we need to meet that to bid by to do whatever we needed to get done?

Mrs. Wohlleb – Next month.

Mr. Kendzulak, Jr. – Do they know that; if we don't hear from them or if it's not resolved by a certain date, it's a no go for the year?

Mr. Watts – Yes. But we'll try to speed it along.

Chair Kinsella – Have they discussed money?

Mr. Watts – Just in general terms but not specifically so that is another issue. That’s got to be quantified in the Agreement; they just put in language “as previously discussed”.

Mr. Tully made a motion to approve the minutes from the August 18, 2016 meeting, Mr. Kendzulak, Jr. seconded the motion. All were in favor. Dr. Buza abstained.

Mr. Tully made a motion to approve the minutes from the August 25, 2016 Special Meeting, Mr. Kendzulak, Jr., seconded the motion. All were in favor.

7. Treasurer’s Report / Payment of Bills:

Mr. Kendzulak, Jr. - The bills totaled \$649,895.66; all appears to be in order. If you go back to the last blue page we’re at 74.58%; conservatively going from December 1 to August 31, that’s three quarters of the year so we’re right on budget and some of these things were prepaid up front. Also in there, Mrs. Struening has that last year at this time we were at 78% of our budget so it’s looking good.

Dr. Buza made a motion to approve the payment of bills. Mr. Tully seconded the motion.

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| Roll call vote: | Dr. Buza | - | Yes |
| | Dr. Dougherty | - | Absent |
| | Mr. Kendzulak, Jr. | - | Yes |
| | Chair Kinsella | - | Yes |
| | Mr. Tully | - | Yes |

8. Citizens’ Privilege:

Mr. Angelo Baldacchino – I’m installing a sewer line on Ridge Road in Raritan Township off of Case Boulevard. I’ve been working on the sewer line and I’m getting ready to hook it up and I’m going to pressure test it and I’m getting ready to get all that stuff complete. For the Commissioners who don’t have the background, years ago, I made a deal with the Township where I was granted a variance for a fifth lot and then I was going to install a sewer line along the back of Ridge Road to supply sewer to the people behind my property. I have wetlands on the property which is being caused by the septic that have failed on Ridge Road and I have proof of that, I have water samples. Before I brought up a big issue with DEP and the Health Department and all that, the better fix was to

install a sewer line, let the people behind me get sewer and my water problems would be solved and I'd get paid to install the line. I was working with Mr. Miller on this and we were going through all of the details with it and the Board had a meeting on July 15, 2010, where they came up with a resolution, which is 2010 – 73, in reference to this whole deal. I was never invited to the meeting, I don't know if I was supposed to be invited to the meeting and I have to admit I was surprised when I got the resolution in the mail for something I wasn't even invited to discuss with anybody. The resolution was passed and I didn't really have any say about it at the meeting. I went to Mr. Miller on it and I read through the resolution and one of the items that popped out on me was item number seven which states "if a property owner connects on a date that is more than ten years after the date that the Authority accepts ownership and maintenance responsibilities of the sewer line, that property owner will not be required to pay the 1/16th cost of the construction of the line." That wasn't really made evident to me or ever brought up in any discussions when I was talking to Mr. Miller about this and we talked through this with the Board for years and that clause popped up and I was very surprised by that. So I asked Mr. Miller about it, asked him "what does that mean that I'm not entitled to get paid after ten years? That wasn't the deal; the deal was I install the line and I get paid to install the line. Once the people hook up they pay me but you put a deadline on this." His response to that was "that's the policy of the Board because once it goes past ten years there's no way the record keeping can keep up with it, it would be a record keeping nightmare to carry this past ten years." My thought is that maybe ten years ago whenever this was the policy, well, we're ten years later. I can put a reminder on my iPhone and call you guys every month after ten years to remind you that if anybody hooks up that I'm entitled to get paid. Computers now have gotten much better with record keeping and all that but I just feel that this wasn't part of the deal and it was never mentioned at all when I was discussing this whole thing about installing the sewer line and frankly if I was a homeowner and I read that I'd try to hold out for ten years before I hooked up so I wouldn't have to pay for the construction costs. I'm asking the Board to take that out because that really wasn't the deal that I made with the Authority; I didn't sit down and talk to all of you about this because my contact person at the time was Mr. Miller. I don't know how the Board responds; you're giving a person the incentive to not hook up.

Mr. Watts – The reference that Mr. Baldacchino is making to his resolution is referring to a resolution from 2007 that this Board adopted to bring it into compliance with what case law said and that is if a contractor installs sewer line that specifically benefits another property then the later connector can be forced to make a contribution so the Authority adopted the policy back in 2007 to conform with that law and at that time the Authority determined, in its discretion,

number one, that it has the sole discretion to determine how much the reimbursement will be, whether its linear feet or gallons per day or whatever and number two, the Board considered that ten years was the maximum time that it would allow reimbursement. If Mr. Baldacchino is going to get any relief, the underlying resolution from 2007 would have to be changed. I can't speak to whether he knew about the 2007 policy or not, apparently he didn't but that is the policy of the Board.

Chair Kinsella – So that resolution was signed in 2007?

Mr. Watts – Yes. The line gets turned over, it gets accepted by the Authority and that's when the ten year clock starts to run. I don't know if that's happened yet or not but your ten years hasn't begun to run yet unless we've accepted ownership and maintenance of the line. Once that starts, people connect, we assess them, they pay us and then we remit back to you. That's the policy and at the time the Board felt ten years was sufficient.

Chair Kinsella – Where are you at right now?

Mr. Baldacchino – I didn't bring this up to the Board when this happened because I didn't even have the line in yet and I wasn't going to talk to you guys and have you say "you don't even have the line in yet". The line is in, we're getting ready to put the last connections at the manholes and connect everything together, it's 2,000 feet long and I've been working with Mott MacDonald on getting the specs to pressure test it; I'm hoping for next week to get my fittings into manholes and pressure test it; everything is in, I just have to make the connections and pressure test it. The manhole covers are on their way. There are a couple small details to do and then I'm pretty much ready to turn this thing on and have people hook up to it.

Chair Kinsella – So you're still within the time frame.

Mr. Baldacchino – I just felt that the ten years would give someone incentive to hold out. The only way I can have people hook up is if they want to hook up, if they need to hook up or, and I've talked to the Board about this before...

Chair Kinsella – How many septic failures are there?

Mr. Baldacchino – There's at least, I tested; the two lots on the end are failed, right around the corner; there's a retention basin that was put in when they put the jug handle in, I tested the water in the retention basin and that is sewage in there. The reason that happened was when they cut that bank down they got close to the field.

Mr. Watts – The Health Department needs to go out and take a look at these and maybe that will speed up connections.

Mr. Baldacchino – This is what I was discussing with Mr. Miller and maybe you guys didn't know about this, the problem I saw was that if I started bringing in the Health Department and DEP and everybody without the line being in, then

they would decide what would need to be done. The septic systems can't be repaired, they just won't work. The system that's leaking into the retention basin was mounded and was replaced because that system dumps onto my property and I went to the Health Department so now it would be stupid to go over and replace systems because the soil is clay, it's shale, it's just not going to perk at all. If the Township were the ones to install the line down Ridge Road, would the people have been required to hook into that line?

Mr. Watts – The Township wouldn't do it, we would do it. The Township could make a special assessment against the property owners and assess them for their share and yes according to our rules and regulations if you abut or are within two hundred feet of a line and have a failed system you must connect.

Mr. Baldacchino – So if your system was okay and the Township installed the line, you would not be required to hook up to a Township line?

Mr. Watts – That's interesting, we don't require you do it so long as you can certify your septic system works. However, if the Township did the project and specially assessed, I think they would want to get their money back and they would probably find a way to require immediate connection of everybody and they would do that by way of an ordinance that would supersede anything we would do.

Mrs. Wohlleb – There is an ordinance on the Township books where if there's a development that comes in and the sewers that are put in for that development facilitate connection of an entity that's not in the development; typically an adjacent home. When the sewers are accepted and certified to the Authority, and it says in the ordinance "the Authority's consulting engineer shall send a letter to the Township Clerk", I have to send that letter, and I have to list the parcels that can connect and in the underlying ordinance, I believe there is a time frame. I don't know if it caveats it with the status of somebody's septic system or not but there is an ordinance and outside of this specific policy by this Authority that would be the situation. In other Townships and Authority's where I consult, it's typical to put some longevity to consider instances where somebody has recently redone their septic system; is it really fair to make them connect right away?

Mr. Watts – The issue that's been brought to the Board is, does the Board want to consider changing its policy that it adopted nine years ago to extend the time limit within which a contractor who is specifically benefitting other users can get paid back the prorated share? Understanding that if you extend it to fifteen years, you're going to have someone paying a share of something that is sixteen years old rather than new so are you going to now depreciate it and say the contribution, if it is that far out, shouldn't give 1/16th? I think that's why the Board arrived at ten years as a happy medium as a cut off.

Mr. Kendzulak, Jr. – I was on the Board as was Dr. Dougherty at that time when this came up and I vaguely remember the ten year thing; personally I think ten years is fair. Your clock hasn't even started yet and until we accept it, then the clock starts. My understanding of what there is, I don't know if they even have ten years up there with their septics.

Mr. Watts -- Any time a house changes hands, that brings on an inspection and if it fails, it will have to connect.

Mr. Kendzulak, Jr. – You're coming in almost ten years after the fact to challenge this thing, you could have challenged it earlier. I do think personally the ten years is fair.

Mr. Baldacchino – You say depreciate but I say what about it going the other way; it would cost more if it was put it fifteen years later so it's really a savings; do you see what I mean? I see what you're saying with depreciation but if you go sixteen years out it would cost more to install a line for them to hook up. The only point I was bringing up was that if the line was put in by the Township, there would be no clock, people would have to hook up, and I feel there would be a difference.

Mr. Watts – You received a benefit from installing the line too; you didn't do this to only benefit people in the future, correct?

Mr. Baldacchino – The benefit is questionable.

Mr. Watts – Maybe in hindsight it's questionable but when you did it, it seemed like a benefit.

Mr. Baldacchino – If I had to go back in time I would not have installed the line because of what I've been through, the cost and everything like that. The only thing I was looking for was a fair shake, I was going to get paid to put the line in and that's all I was looking to see. The benefit that I got was the fifth lot. If I took the cost of what it's been to put this thing in and the cost of the fifth lot, it's not a benefit.

Mr. Watts – At the time you made the judgement, you thought it would be a benefit.

Mr. Baldacchino – Yes, but there were certain things that changed, we moved the line around; there were all these other things. Hindsight is twenty – twenty. At the time, the Board made that recommendation based upon the facts known at that point in time, now it isn't the same. In all fairness, at the time it was "well you're making a benefit on this", now we go out ten years later and I'm not.

Mr. Watts – Are you telling us if you saw this resolution back then you wouldn't have done it?

Mr. Baldacchino – I would have brought it up and I would have questioned it and I would have thought twice about it because the problem with the ten years on it was that I felt wasn't the deal that was made.

Mr. Kendzulak, Jr. – But you saw the resolution.

Mr. Baldacchino – You're right and I should have said something to the Board right then and there and the reason that I didn't was that I didn't have anything in the ground and there was a ton of work to do and the Board could have said "you don't want to put the line in, don't put the line in". Now that the line is in and I'm just asking, you made the decision back then based upon facts of the case then.

Mr. Watts – Basically, this timeline was put in not for any particular case, just as a rule that the Board at that time felt was a fair length of time to grant reimbursement. Again, the Board would have to reopen it and decide it wants to lengthen it; that's really the only issue before the Board tonight.

Mr. Tully – Since the clock hasn't started yet, it's hard to grant an extension. I'm just saying if you were five years into it...

Mr. Baldacchino – That's why I didn't bring the issue up, I didn't have anything in the ground yet. Now that everything's in the ground, you see I'm serious and I'm ready to hook up that's why I didn't bring it up back then.

Mr. Watts – When you sell your lots, make sure you reserve the right to receive your reimbursement when and if made. Don't get into a scrape with the developer claiming it later on.

Mr. Baldacchino – That's the other thing that I was going to bring up to you guys; if I'm the guy that's installing the line...

Mr. Watts – It should go to you but if you don't cover it in the contract, you might have an issue, I just want you to know.

Mr. Baldacchino – I appreciate that. The other thing is, if I sell to a homeowner and this goes out five years, eight years, or whatever it is, I'm still the developer. So I was just asking the Board to look at it again. Circumstances have changed, things have changed, I just wanted to Board to look at it again on a case by case basis.

Mr. Watts – It's not really a case by case basis; it's a policy that has to apply to everybody. The policy is ten years, it can always be changed but then it applies to everybody.

Dr. Buza – At this point I think the policy has to remain fair and reasonably made and to apply to everyone; the case by case basis that you're talking about, if in the future, and you're ten years hasn't even started, if in the future, there's some extenuating circumstances that effects you that we want to revisit, is there a way we can make an exception to the policy in the future or on a case by case basis in the future as opposed to changing the whole policy which I don't think we're prepared to do.

Mr. Watts – I think that would be hard to do, you can always look at it on a case by case basis but this is pretty much a policy that you made. If you want to grant relief you would have to increase the ten year period, maybe you can look

at it in several years; Mr. Baldacchino could come back, and we'll see how the project is going, maybe the ten years will turn out to be not a feasible number and it should be raised but right now I don't think you have enough before you to simply just raise it higher.

Mr. Baldacchino – So one of the reasons I'm before you now is what I'm afraid of is I'm going to get this line in and hook it up and some people have been very vocal with me and fighting with me over there and saying there aren't going to hook up; flat out, not hooking up. A bunch of people who are saying that. For me, going into it, I can't force them to test their septic system so what you're saying if the Township were to put a line in, you would say "test your system and if you need to hook up, hook up".

Mr. Watts – That's a hypothetical, that didn't happen, it's not going to happen. You put the line in and it's a private line and when it's done you are going to turn it over to us and the people who have failed systems, they are going to be required to connect. The Health Department is going to make them or if they sell the house, it's going to be tested and it's going to be found to not be replaceable and it'll be cheaper to pay you your fair share and reimburse you than to put in a brand new septic system anyway. The lots may not even be big enough for the new systems now with the new rules.

Dr. Buza – It's still good that you came in and you vocalized your concern now so that if eight years from now if what you're worried about comes to fruition we can reevaluate if we want to change policy. Right now there aren't really any facts presented to us that sway us to change a policy that really isn't affecting you negatively yet and the time hasn't even begun.

Mr. Baldacchino – You at least clarified why; when I'm being told that the reason why is because of paperwork, that's not a good reason.

General agreement.

Mr. Watts – We just don't have enough experience. If we had a lot of people or a lot of instances where people were hooking up, eleven or twelve years out we would probably revisit it and say ten years isn't enough. But we've only done this once; before we never did it. In 2007 we started helping developers, we'll see how it plays out and you can always come back.

Mr. Baldacchino – Okay, I appreciate that, thank you.

9. Adjourn into Closed Session by Motion, if Needed

10. Adjournment of Regular Meeting:

Mr. Tully made a motion to adjourn the Regular Meeting. Dr. Buza seconded the motion. All were in favor.

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
WORK SESSION MINUTES

SEPTEMBER 15, 2016

365 Old York Road, Flemington, New Jersey
(908) 782-7453 Office

(908) 782-7466 Fax

APPROVED

1. **The Work Session** of the Raritan Township Municipal Utilities Authority will be called to order upon the adjournment of the Regular Meeting.
2. **Correspondence:**
 - a) Nancy Wohlleb, PE of Mott MacDonald to Gregory LaFerla of RTMUA regarding Flemington Wet Weather Facility (FWWF) Flow Meter Alternatives

Mrs. Wohlleb – Mr. LaFerla called me a month or so ago and we went out to the FWWF. What we have out there in terms of existing flow metering is we meter the FWWF for the purposes of billing Flemington Borough. The type of device that it is, is a partial flume so in a concrete channel it's a throated length of fiber glass that is calibrated to sense a level and based on the level will send the flow reading. We bill Flemington based on that meter reading. On the effluent side of the plant when the FWWF comes on line and discharges to the Bushkill Creek since we need to report our flow to the State, we have another one of these partial flume meters that are there. They're at least as old as the 1988 conversion of the FWWF from the Borough's sewer plant and the problem is the flume bottoms are warped and the guys have expressed concerns about the accuracy of the meter readings. We took a look at the flume and we gave Mr. LaFerla two options. Option One which involves putting in, on the billing side, a replacement flume but rather than cutting out all of the concrete to replace a full twelve inch size flume, we would put in a nested flume which would be a nine inch flume set inside the twelve inch flume and we'd replace the level sensors that detect the level inside the flume. We would do a full replacement of the effluent partial flume meter, the one that takes the discharge out to the Bushkill Creek; we're not able to do a nested flume there because we need to be able to continue to read the full capability of what a twelve inch flume will offer. Going back to the facilities report and some of the tail end of the discussions when the last Flemington Agreement was negotiated, it was discussed that the Authority guys needed a way to compute the volume of sewage that remains inside the tank once a wet weather event subsides and they are ready to drain out those tanks, pump out the remaining sewage that are in those tanks, and get it down to the main plant once the interceptors and the plant are ready to accept those flows. The issue there is since it never got metered because it didn't make it out through the outfall during the wet weather event and the spillover into the FWWF

occurred upstream of the Flemington billing meter, this volume of flow is not otherwise accounted for in the billing. What we're recommending is to put, not unlike a USGS staff gauge, a ruler basically, in the tank so the guys can see the volume that they're drawing down and include that in the billing for Flemington. So Option One is basically replacing the flumes, putting in the staff gauges, there's five tanks to measure levels in so we'd put five staff gauges in. The cost for the Authority to do that is estimated at \$36,000.00; I attached the basis for the cost to the letter. With or without the staff gauges it is above the \$17,500.00 bid threshold, so if the Authority at the minimum wants to replace the flumes, and we are recommending at a minimum that you do, you would need to go out and bid the work. I presented a second option to Mr. LaFerla which is essentially a redundant metering scheme which in addition to doing the work under Option One, we would put in a little bit of a newer technology, which I attached the literature to the back of this letter, which is a laser doppler velocity sensor. Essentially you're shooting a beam at the flow and that will give you a flow reading. We would look to do that on the influent, on the effluent, and in lieu of putting actual gauges in the tanks we would actually mount one on one of the channels as the flow is coming into the treatment plant. Option Two is presented, and that cost is more, \$86,000.00. I presented them to Mr. LaFerla and Mr. LaFerla wanted to present them to the Board so a decision could be made. In either scenario what I am recommending is that since we're already going to be doing a project to go out to bid to do the equalization tank rehabilitation to repair the concrete, it would fold nicely into that so that you could have one bid. I think Mr. LaFerla, at a minimum, wants to address the issues with the flows. My understanding was he might not want to wait to do this and that he'd rather look to do it with the equalization tank project but he wanted the Board to hear it and offer their opinion and guidance.

Mr. Kendzulak, Jr. – Just a suggestion with this, and perhaps getting into the equalization tank; the Engineering Sub – Committee could take this into consideration and take a look at this. Another thing is I see we have something on Commerce Street here Mr. LaFerla; this is what you alerted us to last month. Perhaps the Engineering Sub – Committee can look this over too.

Mr. LaFerla – Yes, that's fine.

Chair Kinsella – Back to this metering thing, do we feel that we've been shorted on the billing? Are we being hurt by this financially?

Mrs. Wohlleb – Yes, if you're not measuring what's in those tanks.

Mr. LaFerla – We're losing money.

Chair Kinsella – Does Flemington Borough pay any of that?

Mr. LaFerla – Yes.

3. **Unfinished Business:**

None

4. **New Business:**

None

5. **Professional Reports:**

a) Attorney –

Chair Kinsella – As far as Hunterdon Central goes?

Mr. Watts – We are going to get our comments back to them immediately and we'll get something to you hopefully in between meetings and if I can telephone around to have you approve it we can ratify it at the next meeting with a resolution.

Mr. Kendzulak, Jr. – What is your recollection that we were on the hook for? What was our share going to be?

Mr. Tully – I remember one third / two thirds when we talked to them.

Mr. Watts – Out of \$300,000.00 or \$350,000.00? That would be part of the Agreement, what our exact share will be.

Dr. Buza – What ever happened with Mr. Tyler and Ms. Carmeli and the DEP?

Mr. LaFerla – We had a meeting at the DEP on Tuesday and we talked over the plan; we were looking at five years, they came up with a four year plan except they kind of changed it up on us, they had promised us an ACO and then all of a sudden they said it doesn't fit into an ACO, they wanted to do it in Permits and Mr. Tyler called up and got that straightened out.

Dr. Buza – So Mr. Tyler will be making a report back to us?

Mr. Watts – Probably at the next meeting he'll have an update.

b) Engineer - ok

6. **RTMUA REPORTS:**

a) ADMINISTRATIVE / OPERATIONS REPORT

1. Chief Operator / Director's Report

Mr. LaFerla – I have two things; the first thing is Mr. Higley came into my office one day and said "I resign my position immediately" and he walked out, got into his car and left. He is a line crew guy; he worked on the camera truck. He quit, he left.

Mr. Tully – Do you know why?

Mr. Watts – We were starting disciplinary proceedings against him because he had used all his time for the year and then he started coming in late.

Mr. LaFerla – I'd like your permission to hire someone to fill the empty position.

General consensus.

Mr. LaFerla – The second thing is number eight on my report; \$66,406.25 reverted back to the Authority.

a) Overtime Recap

b) Septage / Greywater Recap

2. Laboratory Summary

3. Maintenance Summary

4. Readington Flows

Mr. Kendzulak, Jr. – I see they were way over the last two months. Is there a way we can implement a penalty when they go in excess of that?

Mr. Watts – No. We should but if there isn't anything in the Service Agreement we can't.

Mr. Kendzulak, Jr. – Can we modify that Service Agreement?

Mr. Watts – I think we should start accessing extra costs; a surcharge.

Mr. Kendzulak, Jr. – So for the next meeting can you come up with a plan where we can surcharge them?

Mr. Watts – Yes. I think they said they're not inclined to do anything about their I & I.

b) COMMISSIONERS' COMMENTS

7. **Discussion:**

a) Jennifer Loudon request for Tuition Reimbursement

Dr. Buza – Dr. Dougherty and I talked about Ms. Loudon's request for tuition reimbursement and we do have a recommendation for the Board. Considering the high cost of the education that she wishes to receive, we think a fair solution would be to offer her half reimbursement for each course that she successfully passes; whether it's a pass / fail option or obtains a B or higher graded option to offer incentive to achieve a higher performance. In my experience, it's very common to require a student to obtain a certain grade; some places require them to get an A though I think a B or better is a fairer grade. We also thought to put some other stipulations in there, that it will be upon a yearly review, if the Board members change or there are unforeseen consequences and we want to change our mind, so each year we would review it and see what's going on, see what her course of study is, obviously that it jives with what we do here, we thought that we would want to have the first right to review and utilize any findings or research that she comes across and she offered to continue employment here for five years after completion of her education; that piece I defer to our attorney to see how we would put that in writing, what happens if she leaves, does that mean that she has to reimburse us?

Mr. Watts – That would be the only thing to do if she leaves it would be a reimbursement; collecting it might be difficult. I assume it's enforceable if you told her the rules before she undertook the courses but as a practical matter, should she walk out, it might not be worth chasing her.

Dr. Buza – Our recommendation would be, pay half, and she would have to pay up front and we'd reimburse her if she got a B or better.

Mr. Tully – She submits her report card.

Dr. Buza – Right and then we have a review at the end of the year and perhaps the Personnel Committee would review it at the end of the year or the whole Board could review it at the end of the year but we would find out what she is learning and see if there is anything she can report back to us that we can hopefully find useful. That is what our recommendation is.

Mr. Kendzulak, Jr. – So she would be going to school part time, taking one or two classes a semester.

Dr. Buza – So the Continuing Education Policy / Procedure, we need to address that. The way it's currently written makes it sound like we pay for everything.

Ms. Nicaretta – If you want that wording changed, we can do that, you just need to tell me what you want.

Dr. Buza – Where it says “we will provide” I think we should change it to “we may provide”.

Mr. Watts – Or “at the discretion of the Board”. I think the Manual should be very broad and discretionary and we’ll treat each employee on a case by case basis so all the specifics that you and Dr. Dougherty came up with will be in a resolution that’s going to approve how you’re dealing with her specifically.

Mr. Kendzulak, Jr. – I just don’t want her taking a sabbatical and we’re stuck. To have her pay us back if she leaves within five years? I don’t think that’s...

Dr. Buza – She offered the five years.

Mrs. Wohlleb – You can delay the reimbursement; my company delays the reimbursement.

Mr. Kendzulak, Jr. – So you delay the reimbursement a year or something like that.

Dr. Buza – I think what Mrs. Wohlleb is suggesting might be a good idea, maybe the last year’s piece of it, which will be the most expensive year, we can say “we will not reimburse you until three years out”.

Mr. Kendzulak, Jr. – Or we say “yes, you are eligible for fifty percent but after the first year we’ll give you thirty five percent and then a year down the road we’ll pay you the other fifteen percent”. So the incentive is to stick around.

Mr. Watts – We’ll have a resolution for the October meeting.

Dr. Buza and Mr. Tully left the meeting at 6:25 pm.

b) Woodside Farms Pump Station Rehabilitation Contract Modification #1

Mrs. Wohlleb –Contract Modification #1 is before you, basically the job is completed, we’re looking to establish the final Contract amount so we can obtain the contractor’s Maintenance Bond and close out the job; the State Loan inspections were done and the paperwork is in good order. This letter has been prepared to establish the final contract amount because we do have Contract Modifications. My letter here dated September 9th has three components; we’ve got two components of additional work and a third component of credits and unused items for the Contract. I do explain each of the items and I attached the DEP form for Contract Modifications and what was sent with my letter was all of the detailed backup in terms of what the contractor was required to submit in regards to labor, materials and equipment for each of the items. Item one is recast concrete wet well riser; on this job we had an existing wet well that was in reasonably good shape that did need some rehab and what we called for was, to

take the upper portion off, we had to raise grades up a little bit in the Pump Station so the new top portion of the wet well was going to be taller. Since we were getting all new equipment inside the chamber we were also making an improvement to have an access hatch and the best way to do it would be to have this access hatch integrally cast with this whole precast new section and top that was coming. When the contractor excavated around the outside of the wet well to install the new section, he found that the key didn't match. We have a mismatch of keys so what we ordered the contractor to do was cut the keys away so that we could place the chamber on top of the wet well and then to protect it from lateral movement we ordered a concrete collar to be placed around it. The contractor had asked for costs related to making that modification and some additional by-pass costs; he'd originally asked for more with these by-pass costs but in discussion with him we whittled it down. So that's the reason for the Change Order on the wet well riser.

Chair Kinsella – What was the total amount of money on that?

Mrs. Wohlleb – Just on the wet well riser, about \$6,300.00.

Mr. Kendzulak, Jr. – Going through that, I understand that in construction certain things happen, the one thing that jumped out at me was the utility company delays, \$40,000.00 and \$10,000.00 is \$50,000.00 in utility company delays. I know based on my experience or the policies that we've implemented, we don't pay for utility company delays. It's on the contractor to coordinate with the utility companies and make the arrangements with them, the burden is on them and we're paying for this and I guess it's in the backup of how this came to be and what the specs say, right there though, we're talking about \$50,000.00 to \$51,000.00. That was the thing that jumped out at me; how long has this been going on and when did the contractor bring this to our attention and put us on notice that they were going to be charging us for utility company delays and that they were in fact eligible for the reimbursement? Did it meet the Contract requirements that he brought that to our attention within the timing that he is allowed to?

Mrs. Wohlleb – The email documentation is in there. The specific utility delay is the gas company. What had happened was during design we needed to establish contact with the utility company and we had them provide us the routing of the gas main which they did and obviously our purpose in doing that was certainly to establish what that would be so the contractor could prepare accordingly in the bid but also so we could make sure that the gas service would run in our existing easement. Woodside Farms Pump Station is really remote in the development, it's in Open Space within the development and there's a very long driveway to get back to it and the Authority has an easement for that driveway and that was the routing for the gas line. That was shown on our drawings and that's what was provided to us during design. Once the contract

was awarded, I know that the contractor had established the contact that he needed to do with all of the utility companies right away and from that initial part of the project, we had a lot of back and forth with the gas company, and everyone was copied on the correspondence, Mr. LaFerla, etc.; trying to get the gas company to approve and prepare an Agreement, as they usually do and schedule their contractor, in this case Skoda, to install the gas line.

Mr. Kendzulak, Jr. – Is it all in the backup? What's in the Contract? What does the Contract say? Those are the excerpts that I want to see. Was there a time line and if in fact they are eligible for utility delays, how did they quantify this and did the contractor do his due diligence to move it and expedite the work to get it done and if he was hurt, how was he hurt.

Mrs. Wohlleb – What I can answer is that he did follow up and we made an effort to follow up.

Mr. Kendzulak, Jr. – Who's responsibility was it to follow up? Who's burden?

Mrs. Wohlleb – The contractor's.

Mr. Kendzulak, Jr. – So why are we going to pay a utility delay if it was up to him to coordinate with the utility company?

Mrs. Wohlleb – Because the reason for the delay was the fact that the utility company was looking to not install the line the way we showed it. We spent nine months in there, in internal review, out of state, beyond the person who was our contact so what they were proposing to do was not what was shown on our drawings and it would force the Authority to obtain a whole new easement with a whole different routing of the gas line which was something we didn't want.

Chair Kinsella – The original gas line was what size?

Mrs. Wohlleb – There was no original gas line. There was a generator but it was diesel.

Mr. Kendzulak, Jr. - Was the preliminary design worked out with the utility company?

Mrs. Wohlleb – Yes.

Mr. Kendzulak, Jr. – Then they refused to put it in the easement and where we incorporated it?

Mrs. Wohlleb – Yes. The way the contractor computed it is, where he was actually held up, he was originally starting at months and months and months but in reality that's not the case, he was doing other work for a substantial portion of the time that it was in the mix, it boiled down to thirty – seven days where he was idle and there wasn't other work he could do at that time and he was impaired to be able to complete installation of the equipment, startup, he couldn't start up the generator, the second piece of that delay, once we got the gas company out there and they installed the line, they hung a meter and then they pulled it. We still don't have an answer as to why they pulled it, we tried to get an answer, the

contractor tried to get an answer. The loss of time and the idle time; he did want to count by-passing, and we told him to pull that out because we didn't think that was appropriate. It was for labor and equipment, with no mark up on the equipment because he owns the equipment. In reality, had the gas company come through the way they should have, this job would have been finished last October or November; it did put off restoration until the spring.

Mr. Kendzulak, Jr. – I'd just like an explanation, I guess it's all in here. If in fact the utility delays are eligible, to me it almost sounds like the utility company says "here, build it here", okay, we go through, we get an easement, we incorporate it in our easement, and now they say "oh, you know what, we're changing our minds, we want you to go outside the easement". Is that what happened? We wouldn't modify the easement so they locked up on it but ultimately they did build it to where it should go?

Mrs. Wohlleb – Yes. We had some indication about it in January; it's taken since then to get his backup; what are your delays, what is your labor, what is your material, what is your equipment?

Mr. Kendzulak, Jr. – When did we get all that stuff?

Mrs. Wohlleb – We finally got it maybe a month or so ago; the project manager was out of the country so we didn't meet with him until right after Labor Day.

Chair Kinsella – What's the amount of money involved with that?

Mr. Kendzulak, Jr. – It's over \$50,000.00.

Mrs. Wohlleb – So the full letter is covered here, on the more positive side, the third component of the Contract Modification is that there are about ten items that are credited back to the Authority about seven or so are based on unused items and unused allowances, whether they were partial or full and then there were other credits for items that were not installed and items that slipped through that the shop drawings released them in one way and they were installed in a different way, we asked for credits to accept what the contractor installed.

Mr. Kendzulak, Jr. – But we would have realized those anyway; if there wasn't any utility delay, the Contract would have been \$35,000.00 less than what it was.

Mrs. Wohlleb – Yes, I'm not saying it in light of the other part. The long and the short of it, it is a net increase on the Contract. Something to keep in mind, this guy was the extremely low bidder on the project; this increase he has is about a three point nine or four percent increase on his Contract price but he was eighteen almost nineteen percent lower off my estimate and he was fifteen percent lower than the second lowest bidder. Even with this change order he's about \$100,000.00 below the next bidder. I believe the Authority is receiving the project that was intended. If this Contract Modification is approved, we will

obviously process it with the State and if there's a change requested to be made or additional information needed we will provide that to the Board.

Chair Kinsella – I guess we'll do a resolution at the next meeting?

Mr. Kendzulak, Jr. – I think this needs to be looked at, I think this is something else the engineering sub-committee needs to take a look at.

Mr. Watts – We'll do one in case you decide you want to approve it.

c) Commercial Accounts – Allocations vs. Commercial Survey Results

Chair Kinsella – It's getting late, we'll discuss this next time.

Mr. Watts – I scanned through it, there were some that jumped off the map but not as many as I thought so it's not as big as a problem as we thought it might be.

(many voices speaking at one time)

Mr. Kendzulak, Jr. – Just put it in again for next month.

Mr. Watts – As a result, we want the Authority to come up with a policy about this creep of intensity.

8. **Adjourn into Closed Session by Motion, if Needed**

9. **Adjournment of Work Session:**

Mr. Kendzulak, Jr. made a motion to adjourn the Work Session. Chair Kinsella seconded the motion. All were in favor. The Meeting ended at 6:46 pm.