

State of New Jersey	KPMG - Middlesex County Utility Authority	
Department of Treasury		
Integrity Monitor Report		
Middlesex County Utility Authority - Pumping Stations Contract # T-2939; EQ2014-004-P2&P3		
For Quarter Ending: 9/30/2015		

The reporting period for this report is July 1, 2015 through September 30, 2015

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	Cruz Contractors, LLC (Cruz) - \$9,593,000 Allied Construction Group, Inc. (Allied) - \$8,038,156 Total - \$17,631,156 Sayreville and Edison Pumping Stations Mitigation Contracts - TBD (2016)	
6.	Contract/Program Person/Title	Standby Contract for Forced Mains and Gravity Sewers - Cruz Rehabilitation and Upgrade of the Sayreville Pumping Station - Allied Future mitigation work on Sayreville and Edison Pumping Stations - Contracts anticipated to be procured in mid-2016 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) suffered substantial damage to its Sayreville Pump Station which utilizes six (6)-50 MGD (Million Gallons Daily) pumps and four (4)-40 MGD pumps to pump anywhere from 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. 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.</p> <p>Prior to Super Storm Sandy, Cruz was issued a standby contract for forced mains and gravity sewers which included provisions for dewatering and by-pass pumping. This standby contractor was utilized after Super Storm Sandy to perform emergency clean-up and restoration activities for both the original Sayreville Pumping Station and the Sayreville Relief Pumping Station resulting from storm damage.</p> <p>In June 2011, Allied was contracted to perform the rehabilitation and upgrade of the Sayreville Pumping Station. This contract has a provision for unforeseen circumstances which allows payment for any items that are above and beyond the original contract. In this case, the dewatering of the facility, emergency site preparation, and temporary repairs to electrical systems were not in the original contract but were addressed as change orders following the storm.</p> <p>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 Super Storm 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.</p> <p>KPMG LLP ("KPMG") was engaged by the Department of Treasury ("DOT") on June 20, 2014 to serve as the Integrity Oversight Monitor ("IM") for MCUA Sayreville Pumping Station given that both Cruz and Allied's contracts which exceeded the \$5 million threshold required by the Act.</p> <p>Currently, MCUA is in the process of finalizing the design and obtaining approval for permanent mitigation projects on Sayreville Pumping Station and Edison Pumping Station.</p>	

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8.	Contract/Program Location	Middlesex County Utility Authority 2571 Main Street Sayreville, NJ 08872	
9.	Amount Expended to Date	Cruz Contractors, LLC - Task 1 (Bypass Systems to CTP): \$7,498,901.27 Task 2 (HSR Temporary Wet Weather Overflow Facilities): \$1,670,176.15 Allied Construction Group, Inc. - \$8,281,546.39 Total - \$17,450,624	
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 Hazard Mitigation Projects - Design and Approval Stage In progress	
12.	Expected Contract End Date/Time Period	Cruz Contractors, LLC - 4/30/15 Allied Construction Group, Inc. - 4/30/15 Sayreville and Edison Pumping Stations Mitigation Work - 2018	

B. Monitoring Activities

13.	If FEMA funded, brief description of the status of the project worksheet and its support.	<p>The following Project Worksheets were compiled and submitted to FEMA for both emergency and permanent repairs on the Sayreville Pumping Station. All Project Worksheets were prepared and reviewed by MCUA Executive Director, MCUA's Owner's representative (R3M), and FEMA specialists:</p> <ul style="list-style-type: none"> - PA-02-NJ-4086-PW-5061: Sayreville Pump Station Permanent Repairs, \$12,002,019 - Complete - PA-02-NJ-4086-PW-5061: Sayreville Pump Station Permanent Repairs, \$61,659,218 - Hazard Mitigation Proposals (HMP) - PA-02-NJ-4086-PW-00033: Temporary By-Pass Pumping, \$5,673,000 - Complete - PA-02-NJ-4086-PW-05032: Sayreville Pump Station Emergency Repairs, \$2,250,097 - Complete - PA-02-NJ-4086-PW-00045: Temporary Deflection Pumps, \$1,736,612 - Complete - PA-02-NJ-4086-PW-04905: Acoustic Fiber Optic Monitoring System, \$803,853 - Complete <p>-PA-02-NJ-4086-PW5075: 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, \$15,760,972 - Design in progress.</p>	
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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>1) On July 22, 2015, KPMG conducted a phone call with R3M Engineering to discuss status of next phase of MCUA mitigation work and timeline for KPMG involvement.</p> <p>2) On July 28, 2015, KPMG received Front End Documentation from Hatch Mott MacDonald at the request of R3M.</p> <p>3) On August 10, 2015, KPMG began preliminary review of Front End Documentation provided by Hatch Mott MacDonald.</p> <p>4) On August 19, 2015, KPMG contacted R3M to coordinate scheduling a meeting with MCUA to discuss Front End Documentation which included contracts and specifications.</p> <p>5) During September 2015, KPMG continued the review of Front End Documentation, noting areas to discuss with R3M and MCUA. Some topics to discuss include: contract language improvements, supporting documentation requirements, and daily sign in/sign out logs criteria.</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.	<p>KPMG issued a detailed document request list on July 10, 2014 which outlined all documentation to be provided to KPMG as part of the review. Throughout this review, KPMG prepared an inventory and assessment of documentation provided by MCUA, R3M, contractors and their subcontractors. In addition, KPMG drafted a detailed project work plan that clearly outlined the areas of our review and included detailed test steps to complete our analysis.</p> <p>This quarter KPMG reviewed Front End documentation regarding the permanent restoration and mitigation work on the Sayreville Pump Station and the Edison Pump Station.</p>	
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	<p>In the previous quarters, KPMG performed a detailed assessment of the procurement process in order to monitor and assess if contracts with Allied and Cruz were procured in accordance with program requirements.</p> <p>This quarter, KPMG reviewed Front End documentation regarding future permanent restoration and mitigation work on the Sayreville Pump Station and the Edison Pump Station. As part of this review, KPMG reviewed the contract language surrounding procurement. To the extent there are findings, KPMG will present any recommendations made to MCUA and R3M in future quarterly reports.</p>	
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	<p>Yes. Payment requisitions were reviewed during the previous quarters. Specifically, KPMG performed a high-level review of all payment applications for both Cruz and Allied. As part of this high-level review, KPMG assessed whether all payment applications were reviewed and approved by the appropriate personnel, the work performed was within the project scope and billings were compliance with the contract terms and program requirements. In addition, KPMG performed an in depth review of a sample of payment applications.</p> <p>KPMG did not review any new payment requisitions this quarter.</p>	
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	<p>This quarter, KPMG reviewed Front End documentation regarding future permanent restoration and mitigation work on the Sayreville Pump Station and the Edison Pump Station. KPMG will present any recommendations made to MCUA and R3M in future quarterly reports.</p>	

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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 necessary this quarter.	

C. Miscellaneous

23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	Attached. See July-September 2015 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:	Timothy Hedley
Signature:	<i>Timothy A. Hedley</i>
Date:	1/4/2016

Time Summary	
Resource	Hours Incurred (July - September)
Tim Hedley	0.00
Raymond Dookhie	0.50
Ryan Coco	4.00
Nicolas Koniski	0.00
John Christensen	2.00
Emily Wong	1.25
Grand Total	7.75