

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: 6/30/2017			
The reporting period for this report is April 1, 2017 through June 30, 2017			
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 Remsco Construction Inc. Edison Pump Station (EPS) award: \$26,871,000 to Walsh Construction Co. II	
6.	Contract/Program Person/Title	Permanent Restoration and Mitigation work on Sayreville and Edison Pumping Stations Program Person: Richard Fitamant, 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 September 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 Remsco 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.	

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8.	Contract/Program Location	Middlesex County Utility Authority 2571 Main Street Sayreville, NJ 08872	
9.	Amount Expended to Date	Permanent Restoration and Mitigation work on Sayreville Pump Station: \$3,280,000.55 Permanent Restoration and Mitigation work on Edison Pump Station: \$1,632,878.61	
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 - 5% Edison Pumping Stations Permanent Restoration and Mitigation - 6%	
12.	Expected Contract End Date/Time Period	Sayreville and Edison Pumping Stations Permanent Restoration and Mitigation - November 2016 - November 2019	
B. Monitoring Activities			
13.	If FEMA funded, brief description of the status of the project worksheet and its support.	Funding for the approved Hazard Mitigation Proposals (HMP) was obligated under the respective FEMA PWs for Sayreville and Edison Pump Station. - 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)	April 6, 2017 - Attended Edison Pumping Station Construction progress meeting. Some of the topics of discussion included: - Critical Path Method (CPM) schedule update - Mott MacDonald requested that Walsh start providing regular 20-day schedule forecasts in the near future - Socially & Economically Disadvantaged (SED) Business Compliance - Walsh Value Engineering proposals April 21, 2017 - Discussion with R3M Engineering and review of CPM Baseline Schedule for Sayreville Pump Station (SPS). May 30, 2017 - Discussion with R3M Engineering to assess status of SPS. May 31, 2017 - Discussion with Mott MacDonald to assess status of EPS. June 2, 2017 - Site visit with R3M Engineering (R3M) to tour SPS site. Meetings with contractor field personnel and project management team. Observed construction progress to date, consisting of predominantly earthwork and excavation activities. R3M reported a strong working relationship with the General Contractor (Northeast Remsco). Site visit with Mott MacDonald (MM) to tour EPS site. Meetings on site with Contractor field personnel and project management team. Observed construction progress to date, consisting of predominantly earthwork and excavation activities. MM reported a strong working relationship with the General Contractor (Walsh Construction). June 5, 2017 - Conversation with MCUA Executive Director about Fraud Hotline information to post on the SPS and EPS project sites.	

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No.	Recipient Data Elements	Response	Comments
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 KPMG 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.	
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	This quarter we reviewed SPS and EPS contractor contracts (i.e., Northeast Remsco and Walsh Construction) . As part of this process, we assessed requirements related to procuring trade subcontractors. This period we obtained further details on the process for engaging Socially & Economically Disadvantaged (SED) Business Enterprises. In discussions with Walsh Construction, Walsh indicated they are on track with their SED compliance plan. Walsh also noted they intend to purchase Heating, Ventilation, and Air Conditioning (HVAC) fabric and material from a Women-Owned Business Enterprise (WBE).	
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	KPMG reviewed the following payment requisitions this quarter. Sayreville Pump Station Pay Apps - - Northeast Remsco Construction Pay Req #1 - \$2,281,705.58 - Northeast Remsco Construction Pay Req #3 (6/30/17) - \$550,494 Edison Pump Station - - Walsh Construction Company II Pay Req #7 (4/20/17) - \$244,379.59 - Walsh Construction Company II Pay Req #8 (5/16/17) - \$252,842.50	
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	This quarter we performed the following: - 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 payment applications. - Recommended that Fraud Hotline signage be included on all sites.	
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.	

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No.	Recipient Data Elements	Response
21.	Provide details on any other items of note that have occurred in the past quarter	No other items to note this quarter.
22.	Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters	No actions required.
C. Miscellaneous		
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	Attached. See April - June 2017 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:		10/2/2017

Time Summary	
Resource	Hours Incurred (April - June)
Ryan Coco	14.00
John Christensen	8.00
Grand Total	22.00