

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: 9/30/2018

The reporting period for this report is July 1, 2018 through September 30, 2018

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: 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 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.	
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: \$25,464,095.17 Permanent Restoration and Mitigation work on Edison Pump Station: \$12,053,641.16	
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 - 38% Edison Pumping Stations Permanent Restoration and Mitigation - 45%	
12.	Expected Contract End Date/Time Period	Sayreville and Edison Pumping Stations Permanent Restoration and Mitigation - November 2016 - May 2020	

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: 9/30/2018

The reporting period for this report is July 1, 2018 through September 30, 2018

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
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)	July 2, 2018: Conducted an analysis of the project schedule for the SPS project. The purpose of the analysis was to identify any changes to the project schedule since the previous review, including changes to project completion dates and sequencing of activities. July 11, 2018: Attended construction progress meeting for SPS Project. Attendees included the representatives of the following firms: - MCUA - R3M Engineering - Concord Engineering - Arcadis - NRC - Lehr - KPMG July 11, 2018: Conducted a site visit of the SPS project to review construction progress to date. Site visit was attended by William McCarthy of R3M. July 12, 2018: Attended a special construction progress meeting for EPS Project where ongoing emergency sewer repairs were discussed. Attendees included representatives of the following firms: -MCUA -Walsh Construction -Mott Macdonald -Arcadis -KPMG July 20, 2018: Reviewed contracts for Mott MacDonald, engineer on SPS Project, and R3M Engineering, engineer on EPS Project. Selected a random sample of Mott MacDonald and R3M Engineering invoices and assessed compliance against contract billing terms. Reconciled the total invoiced costs to date against contract values. July 30, 2018: Reviewed the most recent application for payment for SPS and EPS projects. August 20, 2018: Reviewed the most recent application for payment for SPS and EPS Projects. August 22, 2018: Conducted a site visit of the EPS project to review construction progress to date and to review ongoing emergency repair work. Site visit was attended by Mott MacDonald. Conducted a site visit of the SPS project to review construction progress to date. Site visit was attended by R3M Engineering.	

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: 9/30/2018

The reporting period for this report is July 1, 2018 through September 30, 2018

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
		August 27, 2018: Reviewed Northeast Remsco Construction's Change Order No. 4, draft Change Order No. 5, and draft Change Order No. 6 for the SPS Project. September 12, 2018: Attended construction progress meeting for SPS Project. Attendees included the representatives of the following firms: - MCUA - R3M Engineering - Concord Engineering - Arcadis - NRC - Lehr - KPMG September 18, 2018: Reviewed the most recent application for payment for SPS and EPS Projects. September 18, 2018: Reviewed the updated EPS Project schedule to analyze potential impacts of emergency repair work. September 26, 2018: Conducted a site visit of the EPS project to review construction progress to date and to review completed emergency repair work. Site visit was attended by a representative of Mott MacDonald. September 26, 2018: Attended construction progress meeting for SPS Project. Attendees included the representatives of the following firms: - MCUA - R3M Engineering - Concord Engineering - Arcadis - NRC - Lehr - KPMG September 26, 2018: Conducted a site visit of the SPS project to review construction progress to date. Site visit was attended by R3M .	
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.	This quarter we performed the following audit activities: -Reviewed and analyzed project schedules for compliance with contractual milestones -Reviewed pricing of a change order 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 engineer invoices for compliance with contract documents	
17.	Have payment requisitions in	KPMG reviewed the following payment requisitions this quarter.	

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: 9/30/2018

The reporting period for this report is July 1, 2018 through September 30, 2018

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
	connection with the contract/program been reviewed? Please describe	Sayreville Pump Station Pay Apps - - Northeast Remsco Construction Pay Req #15 (7/12/2018) - \$1,902,765.72 - Northeast Remsco Construction Pay Req #15A (7/19/2018) - (\$153,555.88) - Northeast Remsco Construction Pay Req #16 (8/7/2018) - \$1,338,983.66 - Northeast Remsco Construction Pay Req #14 (9/13/2018) - \$3,205,028.21 - R3M Construction Engineering Invoice No. 2018033 (3/2/2018) - \$184,109.56 - R3M Construction Engineering Invoice No. 2017265 (12/31/2017) - \$208,458.33 - R3M Construction Engineering Invoice No. 2016097 (6/24/2016) - \$1,075,504.99 - R3M Construction Engineering Invoice No. 2015135 (9/30/2015) - \$200,801.4	
		Edison Pump Station - - Walsh Construction Company II Pay Req #22 (7/13/2018) - \$860,614.78 - Walsh Construction Company II Pay Req #23 (8/9/2018) - \$346,854.25 - Walsh Construction Company II Pay Req #24 (9/14/2018) - \$602,182.21 - Mott MacDonald Construction Engineering Invoice No. IV00266175 (4/17/2018) - \$126,561.35 - Mott MacDonald Construction Engineering Invoice No. IV00256805 (10/11/2017) - \$77,596.07 - Mott MacDonald Construction Engineering Invoice No. IV00205293 (1/23/2015) - \$34,529.28 - Mott MacDonald Construction Engineering Invoice No. IV00256805 (6/17/2016) - \$131,587.85	
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 for contractors and engineers. - Reviewed uses of allowances. - Reviewed insurance certificates. - Reviewed project schedules.	
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.	No other items to note this quarter.	
22.	Provide details of any actions taken to remediate waste, fraud and abuse	No other items to note this quarter.	

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: 9/30/2018

The reporting period for this report is July 1, 2018 through September 30, 2018
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
C. Miscellaneous			
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	Attached. See July 2018 - September 2018 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:	1/2/2019

Title	Hours Incurred (July - September)
PARTNER	11.00
DIRECTOR	12.00
PROJECT MANAGER	93.50
SENIOR CONSULTANT	13.00
CONSULTANT	64.50
	194.00

Title	Expenses Incurred (July - September)
PROJECT MANAGER	649.28
CONSULTANT	106.25
	755.53