

KPMG - Middlesex County Utility Authority

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: 10/1/2014

The reporting period for this report is April 1, 2014 through June 30, 2014

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	
6.	Contract/Program Person/Title	Standby Contract for Forced Mains and Gravity Sewers - Cruz Rehabilitation and Upgrade of the Sayreville Pumping Station - Allied Program Person: Richard Fitamant, Executive Director	
7.	Brief Description, Purpose and Rationale of Project/Program	<p>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 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 farther 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 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.</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>	
8.	Contract/Program Location	Middlesex County Utility Authority 2571 Main Street Sayreville, NJ 08872	

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9.	Amount Expended to Date	Cruz Contractors, LLC - \$9,034,630 Allied Construction Group, Inc. - \$7,639,580 Total - \$16,674,210	
10.	Amount Provided to other State or Local Entities	Not Applicable	
11.	Completion Status of Contract or Program	Emergency Work for Sayreville Pumping Station- 95% Complete.	
12.	Expected Contract End Date/Time Period	Cruz Contractors, LLC - work completed; however, contract closeout pending. Allied Construction Group, Inc. - October 31,2014	
B. Monitoring Activities			
13.	If FEMA funded, brief description of the status of the project worksheet and its support.	A total of five Project Worksheets, in the amount of \$23,635,477 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: PA-02-NJ-4086-PW-0561: Sayreville Pump Station Permanent Repairs, \$12,002,019 - PA-02-NJ-4086-PW-00033: Temporary By-Pass Pumping, \$5,673,000 - PA-02-NJ-4086-PW-05032: Sayreville Pump Station Emergency Repairs, \$2,250,097 - PA-02-NJ-4086-PW-00045: Temporary Deflection Pumps, \$1,736,612 - PA-02-NJ-4086-PW-04905: Acoustic Fiber Optic Monitoring System, \$803,853 Total: \$23,635,477	
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)	KPMG commenced work on this Integrity Monitorship during June 2014. Specifically KPMG engaged in several engagement planning and coordination activities. This included execution of an initial Task Order. This also included participation in an initial project kick-off meeting on June 13, 2014 to coordinate the overall project scope, approach, key milestones and timeline for monitoring activities. Meeting attendees included: • Dan Povia, Jeff Burns - DOT • Richard Fitamant, Margaret Brennan - MCUA • Steven Fishner, Ryan Coco - KPMG • Tamara Bretan, Amit Rahane - E&Y	
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.	Not applicable. No documentation received during this reporting quarter.	
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	During this initial phase of work, KPMG accomplished the following: • Obtained an understanding MCUA's organization, objectives, mission , vision and key personnel • Identified key contacts • Identified in-scope contracts and contractors • Obtained an understanding of the scope of work performed by Cruz and Allied • Assessed the roles and responsibilities of R3M Engineering • Determined the status of contractor's work • Obtained an understanding of MCUA's coordination with various federal, state and local agencies • Obtained and understanding of the Change Order review and approval process • Prepared an initial document request	

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17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	Not applicable. No documentation received during this reporting quarter.	
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	Not applicable. No documentation received during this reporting quarter.	
19.	Provide details of any integrity issues/findings	None.	
20.	Provide details of any work quality or safety/environmental/historical preservation issue(s).	None.	
21.	Provide details on any other items of note that have occurred in the past quarter	None.	
22.	Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters	None.	
C. Miscellaneous			

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No.	Recipient Data Elements	Response	Comments
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	See Time and Expense 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:	Steven Fishner
Signature:	
Date:	10/1/2014