

**Resolution No. 15-158**

**RESOLUTION AWARDING A CONTRACT UNDER A FAIR AND OPEN  
PROCESS TO REMINGTON & VERNICK FOR ENGINEERING/INDEPENDENT  
FINANCIAL ADVISOR SERVICES TO EVALUATE THE WOODBURY  
WATER AND SEWER INFRASTRUCTURE AND OPERATION  
PURSUANT TO THE WATER INFRASTRUCTURE PROTECTION ACT**

**WHEREAS**, the Water Infrastructure Protection Act permits municipalities to transfer public water and waste water systems to other public or private entities in certain instances to provide for an efficient method of addressing and insuring the continued integrity of drinking water and the environment, address aging infrastructure systems, deterioration of the physical assets of the systems and damage to the systems; and

**WHEREAS**, in order to explore the feasibility and desirability of such a transfer, the City of Woodbury pursuant to a fair and open process authorized the issuance of Request for Proposals for professional engineer/financial advisor to evaluate the Woodbury Water and Sewer infrastructure, operation and value; and

**WHEREAS**, proposals were received and evaluated by the Committee and the City Administrator who have determined that Remington and Vernick Engineers are the most qualified proposer and recommend entry into a contract with Remington and Vernick Engineers in accordance with the proposal attached hereto.

**THEREFORE, BE IT RESOLVED**, by the Mayor and Council of the City of Woodbury that the Mayor and/or Administrator is hereby authorized to enter into a contract with Remington and Vernick Engineers to analyze and report on the value of the system and the short and long term impacts to rate-payers of the cash-flow structure of the proposed transaction and to provide an estimate as to the financial requirements necessary to address the emergent conditions and to operate and maintain the system pursuant to the Water Infrastructure Protection Act and consistent with the proposal attached hereto.

**ADOPTED** at the regular meeting of the Mayor and City Council of the City of Woodbury held August 11, 2015.

**CITY OF WOODBURY**



**DAVID TROVATO**  
President of Council

**ATTEST:**

  
**ROY A. DUFFIELD, City Clerk**

# REMINGTON & VERNICK ENGINEERS AND AFFILIATES

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Remington, Vernick  
& Arango Engineers  
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Secaucus, NJ 07094  
(201) 624-2137  
(201) 624-2136 (fax)

August 7, 2015

Michael Theokas, City Administrator  
City of Woodbury  
33 Delaware Street  
Woodbury, NJ 08096

REF: Proposal to Provide Consulting Engineering Services  
City of Woodbury  
Water & Sewer Utility System – Assessment & Valuation Study

Dear Mr. Theokas:

REMINGTON & VERNICK ENGINEERS is pleased to submit this proposal to provide professional engineering consulting services for the **WATER & SEWER UTILITY SYSTEM – ASSESSMENT & VALUATION STUDY**. The scope of work for this project will be completed in three phases so that the City may review and comment prior to proceeding to the next phase.

The three phases will be completed as described below with the ultimate goal to provide a comprehensive understanding of the existing conditions of the utility system. Specifically, it is necessary to understand the current structural/operating conditions of the existing system, required improvements to be made over the next 10-20 years, budgetary costs for these improvements and their impact on the current Woodbury rate structure for funding. Should these improvements and anticipated expenditures be extensive and result in significant cost impacts to the current customer rate structure, information regarding present system worth should be known to evaluate the potential sale of the system. This present worth may also be utilized to evaluate bids should the system go out for sale as well as to establish the financial impact on the remainder of the City budget due to the sale.

The work under this proposal will be completed in the following phases:

## SCOPE OF SERVICES

### *Phase I Utility System Valuation*

The City Engineer has prepared a summary of the existing infrastructure. This infrastructure has been categorized based upon estimated quantity and age. Our valuation will utilize this information as foundation for the analysis. Specifically, we will use BPU accepted standards to establish the original cost to install the system elements, the depreciation rate based upon age and useful life, and the resulting net value of each element of the system.

All elements of the system will be detailed including each valve, hydrant, meter, manhole, water service, sanitary lateral etc. From this information, the value of the system will be established.

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This is the type of valuation which is the preferred analysis accepted by the Board of Public Utilities (BPU) during private utility sales and rate hearings. Accordingly, should the City choose to sell the utility system, the fair market value should be established to be consistent with industry accepted standards.

Our analysis will also include comment on intangible costs associated with the utility valuation. Specifically, there are intrinsic values to a utility system. For example, the City has a water allocation permit which limits, but allows a monthly and annual diversion of the permitted groundwater Aquifer. This assigned allocation has value and could be used by the private utility company that potentially purchases the system for other wells they own (i.e. transfer of allocation). We will incorporate this into our analysis.

*Estimated fees associated with Phase 1 are \$6,200.00*

### **Phase 2 Utility System Evaluation & Capital Plan Generation**

Under Phase 2, RVE will provide a project team consisting of licensed professional Engineers with years of experience in the water / wastewater field. The professionals will consist of wastewater engineers, structural engineers, mechanical engineers, electrical engineers, and GIS experts. Our Team will visit the various sites of the utility system, review all provided records and develop a comprehensive evaluation of the system.

From this report, we will establish the improvements that are necessary to be over a 10-20 year timeframe. This analysis will take into account not only necessary capital improvements to be made to the aging infrastructure but it will also factor in routine life cycle improvements (i.e. well redevelopment, pump replacement, etc). Included in our 10-20 Year Capital Plan, we will establish annual construction, engineering and inspections costs necessary to make these improvements. The costs can be used for City budgetary planning.

In addition, should the City choose to sell the system, this report will be utilized by perspective bidders as a part of their due diligence.

*Estimated fees associated with Phase 2 are \$13,000.00*

### **Phase 3 Rate Study**

Finally, our team will review the existing rate structure of the utility system. We will be examining past utility budgets, expenditures, retired debt, revenue from the utility and number of users for the system. This information will be utilized to review the current rate and establish a rate structure to support the Capital Plan generated in Phase 2.

*Estimated fees associated with Phase 3 are \$9,200.00*

**SUMMARY - COST OF SERVICES**

Phase 1 – Utility System Valuation	\$6,200.00
Phase 2 – Utility System Evaluation & Capital Plan Generation	\$13,000.00
Phase 3 – Rate Study	\$9,200.00

<b>ESTIMATED NOT TO EXCEED PROJECT FEES:</b>	<b>\$28,400.00</b>
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Should you have any questions or require additional regarding this project or the above information, please do not hesitate to contact Stephanie Cuthbert in our Haddonfield office at (856) 795-9595 ext. 1067.

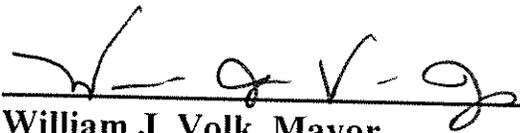
Sincerely,

**REMINGTON & VERNICK ENGINEERS**

By 

Edward Vernick, P.E., C.M.E.  
President

**Accepted by the City of Woodbury**

By:   
William J. Volk, Mayor

Date: August 11, 2015