

Thacher Associates - Elizabeth Memorial Waterfront Park

State of New Jersey  
 Department of Treasury  
 Integrity Monitoring Reporting Model  
 For Quarter Ending: 09/30/2014

Reports required under A-60 will 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>A. General Info</b>			
1.	Recipient of funding	Elizabeth (Union)	
2.	Federal Funding Agency? (e.g. HUD, FEMA)	Federal Emergency Management Agency	
3.	State Funding (if applicable)	N/A	
4.	Award Type	Public Assistance - Category G	
5.	Award Amount	\$13,626,712.92 (estimated)	90% of total Project Cost of \$15,140,792.13 per FEMA Project Worksheet (PW) 2100007 (dated 3/7/2014).
6.	Contract/Program Person/Title	Veterans Memorial Waterfront Park	
7.	Brief Description, Purpose and Rationale of Project/Program	Due to high winds, heavy rains, subsequent flooding and storm surge from Superstorm Sandy, Elizabeth sustained major damage to its waterfront facilities known collectively as Veterans Memorial Waterfront Park. For the purposes of this PW, the waterfront site was divided into five (5) areas of focus: 1) Veterans Memorial Waterfront Park; 2) Municipal Marina; 3) Recreation Pier and Boardwalk Pier; 4) Hike, Bike and Roll Throughway to Slater Park; and 5) Atalanta Plaza.	
8.	Contract/Program Location	Elizabeth and Front Streets, Elizabeth, Union County	
9.	Amount Expended to Date	\$5,399,383.34	\$6,631,711.675 has been completed to date for all scopes, including \$1,232,328.33 of Non-FEMA reimbursable work.
10.	Amount Provided to other State or Local Entities	None	
11.	Completion Status of Contract or Program	39.62%	Percent complete is based on the total amount of FEMA reimbursable work.
12.	Expected Contract End Date/Time Period	6/30/2015	
<b>B. Monitoring Activities</b>			
13.	If FEMA funded, brief description of the status of the project worksheet and its support.	The original PW was submitted on March 17, 2013. There have been two subsequent amendments. Amendment 1 submitted on February 2, 2014, amended certain insurance costs. Amendment 2 involves a change in scope of work and costs due to hidden damage involving rip-rap footings and to further mitigate the boardwalk with additional nailer boards.	Amendment 3 was submitted on 10/17/2014 and approved on 11/10/2014. This Amendment will be discussed in our subsequent report as it took place outside of the reporting period not in the scope of Q3.
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)	Thacher Associates' quarterly activities focused on implementing a comprehensive monitoring program. This monitoring program was derived from our Project risk assessment and included an extensive on-site monitoring presence with our forensic engineer and investigator to detect and deter fraud, waste or abuse on this Project and supporting this on-site presence with our forensic audit capabilities.  The monitoring approach for each potential risk area is distinct, however, some examples of the monitoring approach employed include: select a sample of contracts and verify accuracy and completeness of information submitted during the procurement process and verify that knowledgeable City officials reviewed the documentation; spot check to ensure required permitting for subcontractors is accurate and complete; perform regular requisition reviews and test selected supporting items; spot check costs billed were actually incurred, properly supported and reasonably priced; and perform spot checks of worker licenses and qualifications.  Thacher Associates conducted eight (8) site visits in July, seven (7) site visits in August, and two (2) site visits in September, led by either our Forensic Engineer, Investigator or both. At these visits Thacher Associates performed any combination of the following tasks: observe work in progress; perform worker headcounts; conduct prevailing wage interviews; meet with contractor personnel to discuss status of project; confer with Department of Treasury OEM Coordinator; photograph and document work performed to date and work currently being performed; and request and review relevant documentation (e.g., change order logs, sign-in sheets, request for information). These site visits occurred on July 2, 7, 11, 15, 17, 22, 24, and 28, August 5, 7, 12-13, 15, 18, and 21, and September 12, and 22.	
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.	Thacher Associates requested any and all documents related to procurement including City of Elizabeth Policies and Procedures manuals, bids submitted by contractors, bid tabulation sheets and insurance requirements. Additional requests were made regarding requisitions, payment vouchers, certified payroll reports and change order documentation.	Documentation has been timely provided by City of Elizabeth as well as by their Construction Manager and respective General Contractors.
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	Thacher Associates' audit activities for this quarter involved spot reviews of requisitions and change order documentation for Veterans Memorial Waterfront Park and Elizabeth Municipal Marina Rehab projects. Thacher Associates also reviewed prevailing wage documentation, including all submitted certified payroll reports detailing payments to workers from May to September of 2014 from active subcontractors on the two projects. In addition, Thacher Associates compared Construction Manager and trade contractor attendance records to its own on-site observations for accuracy and compliance with applicable guidelines.	

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17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe	Thacher Associates performed a spot review of Simpson & Brown's Marina Rehabilitation project requisition dated July 15, 2014, and Scafar Contracting's Recreation Pier Rehabilitation project requisition dated September 15, 2014. We identified a number of items which were paid in excess of the scheduled value and issued follow-up inquiries to the City of Elizabeth. The City of Elizabeth requested Simpson & Brown to perform an additional \$21,196 of sidewalk work which was not included in the original bid. Because the additional scope of work was requested by the City of Elizabeth, it will not be reimbursed by FEMA. The discrepancies noted on Scafar Contracting's requisition resulted from actual quantities installed which differed from the estimates used in the design phase and bid process. We are satisfied with the documentation and justification provided by the City of Elizabeth.	
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	Thacher Associates conducted regular site visits to the project site for the purposes of determining compliance with contractual and legal requirements and monitor for known integrity risks identified through our comprehensive risk assessment, including but not limited to prevailing wage, design specifications, and change order procedures. Thacher Associates also performed a variety of audit activities outlined in more detail in box 16 above.	
19.	Provide details of any integrity issues/findings	During the period beginning on July 1, 2014, through September 30, 2014, Thacher Associates did not identify any integrity-related issues indicative of fraud, waste, or abuse of disaster recovery funds. Our review of the allegations we reported in our previous quarterly report are ongoing.	
20.	Provide details of any work quality or safety/environmental/historical preservation issue(s).	On July 17, 2014, Thacher Associates identified items called for in the soil remediation change order that were not provided in the amount of approximately \$11,000. Subsequent to these findings, the Construction Management firm agreed with our assessment and the City of Elizabeth sought a credit change order. We will continue to monitor this issue to ensure the City receives the appropriate credit.	
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.	
<b>C. Miscellaneous</b>			
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review	For the period of July 1, 2014, through September 30, 2014, Thacher Associates expended 202.25 hours at a cost of \$36,586.89. We had no expenses. A brief summary of the services provided include conducting approximately seventeen (17) site visits. Thacher Associates also filed monthly reports to the Department of Treasury for the months of June, July, and August and a quarterly report for the period of April through June 2014.	
24.	Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program.	None.	

Name of Integrity Monitor: Thacher Associates LLC  
 Name of Report Preparer: Joseph A. DeLuca  
 Signature: *Joseph A. DeLuca*  
 Date: January 2, 2015



A Subsidiary of K2 Intelligence, Inc.

January 2, 2015

Mr. Dave Ridolfino, Associate Deputy State Treasurer  
State of New Jersey  
Department of the Treasury  
Division of Administration  
PO BOX 002  
Trenton, NJ 08625  
*via email* – [IntegrityOversightMonitor@treas.state.nj.us](mailto:IntegrityOversightMonitor@treas.state.nj.us)

Re: Integrity Oversight Monitoring Quarterly Reports –  
City of Elizabeth Veterans Memorial Waterfront Park – EQ2013-001-P3  
City of Perth Amboy Marina, Promenade and Bulkheads – EQ2013-005-P3

Dear Mr. Ridolfino:

In accordance with A-60, enclosed please find Quarterly Reports for the above-referenced projects wherein Thacher Associates, LLC (“Thacher Associates”) serves as integrity oversight and anti-fraud monitor pursuant to P.L. 2013, Chapter 37.

The methodology we employed for both project integrity monitoring assignments began with the performance of an initial risk assessment designed to assess the potential integrity risks to the project, the controls currently in place to mitigate those risks, and provide recommendations to enhance project controls. Concurrent with the performance of these risk assessments, Thacher Associates began regular visits to both project sites to ensure opportunities for waste, fraud and abuse were mitigated, to test the controls currently in place, and to audit the project participants’ compliance with the stated controls.

We thank you for the opportunity to serve the citizens of the State of New Jersey in this important capacity and we look forward to continuing in this role through the completion of these projects. Please contact me at any time with questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph A. DeLuca".

Joseph A. DeLuca  
President

Enclosures