

THE LANDIS SEWERAGE AUTHORITY  
REGULAR MEETING  
February 21, 2012

Pledge of Allegiance.

The regular meeting of the Landis Sewerage Authority was called to order by Chairman Gana at 6:00 p.m. The following members were present at roll call: Lewis, Merighi, Silva, Errickson and Gana voted "yes".

The proper notice was given to all members in accordance with the by-laws.

Chairman Gana stated that public notice of this meeting, pursuant to the Open Public Meeting Act, has been given in the following manner:

1. Posting written notice in the lobby entrance of the Authority.
2. Hand delivering notices to the offices of the Daily Journal and The Press.
3. Filing written notices in the offices of the Authority and City Clerk.

Also present:	Dennis W. Palmer	Executive Director/Chief Engineer
	Robert A. Schwarz	Field Engineer
	A. Steven Fabietti	Solicitor
	Maureen J. DePasquale	Executive Secretary
	Carol A. Ricci	Insurance Coordinator

It was moved by Silva and seconded by Errickson that the reading of the minutes of the regular meeting held on February 6, 2012, be dispensed with and the same be approved in the form submitted to all members by mail. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted "yes".

The Chairman asked if there were any general public comments or comments on the proposed Resolutions.

It was moved by Errickson and seconded by Silva that Resolution No. 2012-26, "Be it resolved by the Landis Sewerage Authority, that the following bills of items or demands are hereby approved and authorized for payment out of the Revenue Fund Revolving Payroll Account...\$60,128.00", be adopted. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted "yes".

It was moved by Silva and seconded by Errickson that Resolution No. 2012-27, "Be it resolved by the Landis Sewerage Authority, that the following bills of items or demands are hereby approved and authorized for payment out of the Revenue Fund Bills...

\$370,564.83”, be adopted. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted "yes".

It was moved by Silva and seconded by Errickson that Resolution No. 2012-28, “Authorizing the Executive Director to Enter into an Inter-Local Services Agreement with Cumberland County Improvement Authority”, be adopted. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted "yes".

It was moved by Errickson and seconded by Silva that Resolution No. 2012-29, “A Resolution Authorizing the Award of a Non-Fair and Open Contract with Health Insurance Solutions, Inc. and CVS/Caremark to provide a Self-Funded Prescription Medication Plan” be adopted. Motion for discussion brought up by Errickson. Chairman Gana called for a motion for discussion. It was moved by Errickson and seconded by Silva. Steve Errickson stated that his company had just moved to CVS/Caremark and it was a month or better to switch over to mail order and it was a horrible transition. He stated that you expect some things to take place and about one third to one hundred of the people had trouble and he was one of those people. There was difficulty in turn around time, lost prescriptions and multiple visits to the doctor’s office to have prescriptions re-written. Wrong prescriptions were sent as well as partial shipments. After some time all prescriptions were filled with great difficulty in getting the situation straightened out. Errickson stated that Caremark employees were not courteous or knowledgeable. He had a discussion with his health director that someone should have been the contact person for Caremark to alleviate these problems. Errickson stated that mail order is a good system and you save money. He didn’t want to see the employees at LSA to run into these problems. Dennis stated that taking Steve’s comments from the other week, Carol and I talked since that time and there are several things that will be implemented. Carol Ricci stated that we were trending at a 16% increase this year which was large and many caveats had been entered into the system to save money such as mandatory mail order, pharmacy carve outs, mandatory generic. Ricci stated that she is the liaison between the member and the TPA, Health Insurance Solutions and they came up with a solutions which will be HISI doing all of the transferring of prescriptions to CVS/Caremark. Our members will not even notice the transition. All they will have to do is present a new ID card at the pharmacy for a 30 day script of mail-order. That is the advantage of a self-funded plan. The TPA handles all of the bad work that no one here ever sees. The TPA deals with Caremark after I make the call for a member. That has always been the job of the insurance coordinator. Dennis state that Health Insurance Solutions, Inc. represents companies all over the northeast and that’s our liaison and they have more clout with the company and that’s who Carol calls because of their contacts with the company. Dennis asked Carol Ricci to talk about the 30 days. This transition will not happen by March 1<sup>st</sup>. The lag time will take it up to April 1<sup>st</sup> so that HISI will have all the opportunity they need to transfer everyone’s prescriptions from Express Scripts to Caremark. Carol Ricci stated that Express Scripts is in the process of purchasing Medco and we are having like problems with Express Scripts. Medco is a large company and you put them and Express

Scripts together and you will have another hugs company like Horizon. By us moving to Caremark as opposed to having a 16% increase, we will have a 6%. Mr. Gana questioned that they are subject to our continued approval if we have a good experience with them. Carol Ricci stated absolutely. This contract is up on December 31, 2012. The member will never see the problems that Mr. Errickson spoke about. Some people choose to log onto the system and set up an account and monitor it themselves; if they get frustrated they will come to me. Mr. Errickson asked if they know to come to me now and Dennis confirmed that they do that now. Carol Ricci stated that she had been the liaison for 12 years. She stated that we also looked at Horizon for a prescription in 2011 because we were trending in such a bad way and their increase was 35% over what we are paying now. Many drugs have come off the patent list such as Lipitor, so that helps. Mr. Gana asked if I would be functioning in both positions: Maureen's and my current position. Dennis confirmed. Carol Ricci stated that we are dropping the reinsurer. Self-insurance requires an aggregate attachment point and that is an amount when reached, triggers the reinsurance. The reinsurers have raised the attachment point from \$377,000 to \$413,000. We are not even getting close so the \$377,000 plus a list of drugs were attached that they would not pay for any longer. The reinsurance policy is about \$2400.00 for a service that we will never use. In essence, moving to CVS/Caremark and leaving in all of the caveats stated in our present plan will save the Authority about \$30,100.00. The pharmacy network enlarges and Dennis stated that Express Scripts eliminated Walgreens and they will be back in the network. Mr. Errickson stated that he was ready to vote. It was moved by Errickson and seconded by Silva. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted "yes".

It was moved by Silva and seconded by Errickson that Resolution No. 2012-30, "A resolution of the Landis Sewerage Authority authorizing payment from the Construction Fund of certain costs of the system in accordance with the provisions of the Authority's General Bond Resolution ... "D" Electric Motors in the amount of \$5,407.90 for repair of the co-gen generator motor", be adopted. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted "yes".

It was moved by Silva and seconded by Errickson that Resolution No. 2012-31, "A resolution of the Landis Sewerage Authority authorizing payment from the Construction Fund of certain costs of the system in accordance with the provision of the Authority's General Bond Resolution..."Kaman Industrial Technologies in the amount of \$1,908.26 for parts for the South Belt Drive", be adopted. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted "yes".

Reports: Executive Director Dennis Palmer Stated that he had a really good meeting with NJDEP last week. Clark our operation manager and we also met with two of our engineers at DEP to talk about the expansion of the plant. Along path hopefully will reach fruition soon. We did some construction in the facility in the mid 90's we added the new headworks. The new pump at the head gave us 12.2 million capacity because the old planning document had that number. We added the flow equalization tanks and changed

some of the spray fields to infiltration basis, the big sand beds that you see in the picture in about 2000. In parallel we are working on our wastewater management plan which took forever and was finally completed May 25, 2011 which eventually allows us from the planning standpoint to go from 8.2 mgd to a 10.75 mgd. With what we built in the plant right now in the equalization tanks that were done in 2000 DEP routinely re-rates the facility to a higher value. We want to have that higher value so we have capacity at some point when this economy turns around and we have growth that we are in a position to have the capacity to accept that growth. That is why we're looking for engineers to pull together some of our soils data, some of our ground water data. Meanwhile we will also be pulling together as this year the timing is right is that our permit comes up for renewal at November and we have to have an application in 180 days prior to that. The permit runs usually for 5 years. You make your application and it keeps your permit valid until DEP issues the next permit which could be a couple of years out. Their processing time could take some time. We are looking to bring our plan up to 9.5, 9.8 mgd and that would give us 1.6 for whatever comes down the pike. We have that plan that shows all of the areas that could be developed. We will have probably between 800 and 1000 homes approved on the books that are not built. Menantico Estates is a big one. Probably one of the largest ones as the number of homes go. But we have probably close to that number of homes out there. Some commercial, a couple have come back to ask to be handed back in and we are going to have to give them the capacity, Iron Horse Village up by Wheat Rd. and we had some homes come back, the senior housing over by the pond, near Giampetro Park. That came back to, they wanted their capacity back. We said we don't give you money back until someone else new comes in. The Industrial Park still has empty lots in it. We built that whole road with a 12 inch trunk line running down Garden. North and south of Garden between Mill and Delsea is all zoned industrial and could potentially be growth for the Industrial Park. Hopefully there is some activity that happens down to the last exit in town like Clayville Switch. We want to be in a position where we are ahead of the curve. None of you were here in the mid 80's when there was a sewer moratorium and there was also one in 1993. Dennis stated that he came here when that moratorium was in place. My pledge at that time to the Board was not to put us in a position to ever be there again. We don't want to be what is holding up potential growth in town. That is why we are being very aggressive in trying to get things done in the plant and keeping our foot on DEP trying to get our wastewater management plan over a span of 19 years. Mr. Gana stated that we got that approved. Dennis stated that's for planning purposes but doesn't allow your permit to take the extra five. Now we are going through the permit side of the equation. So you have DEP folks that will review with engineers and groundwater people who will review the application package. Chairman Gana stated that hopefully they will increase our capacity. Dennis stated that that is exactly right. Dennis also stated that it was a very good meeting and the gentleman he met with, I know a lot of people at DEP, but I didn't know him but it was nice to know that he had been there for 12 years. Dennis stated that it was nice to have someone who is knowledgeable working on your plan.

Plant engineering committee met. Briefly, we talked about the irrigation which eventually will be an item for motion. It's probably a little premature at this time, Bob and I are working on a pipeline replacement. Some of our lines go back to 1905 in the older pipelines, specifically 1927 and they are made with terra cotta pipe which because of its short length, they are problematic in that there are bellies and sags. What happens is the water doesn't flow very well. It's like arteries being clogged and that when you get fat and grease building up from people pouring things down the drain and sand and grit being trapped there. We have a problem right now through the apartment complex and we want to replace the terra cotta pipe with PVC plastic pipe. That is a project that is a little premature and hopefully we will be back to it in a month or so for an authorization to move ahead.

Next week are our physicals for employees. They are required by either DOT because of our tractor trailers or our personnel have to go into a confined space and must wear an air pack. Either one of those two things require a physical. We give to all plant personnel.

At Cumberland County Improvement Authority has been doing this for about 10 years and the goal is they have household hazards waste collection days. People bring their paint and paint thinner or whatever they have and our goal in helping to support that, the Authority, Millville Sewer and Cumberland County Sewer, we chip in and help support one extra day, it used to be three, now it is four because every gallon of something that doesn't get poured down the drain and doesn't come to our treatment plant is good and it doesn't contaminate our facilities and it doesn't give us metals and volatile organics or whatever the case may be, having the people take it there is better.

There was also a memo in your packet about low use of sick time. We encourage people not to use their sick time and if you use too much you get a memo from me that you must bring a doctor's note in for the next 6 months for every time you use sick time.

Dennis stated that he wanted to talk about Resolution No. 2012-30. The co-gen went down. We had an alarm that it was having some trouble and we found that the bearings in the shaft had problems. The generator is back today and we are paying the repair costs for it and we should be back up and running tomorrow and providing free energy especially in the summer when our electric rates are higher. Thank you.

Mr. Gana asked if we were pursuing any additional solar panels. Dennis stated not at the moment and that he was waiting to see if Joe Isabella comes with anything more. I know that he's looking at the landfill. The land that we have that is probably readily available has kind of been used up. Mr. Gana asked about roofs. Dennis stated that there were a couple of roofs and they were very modest projects that we can pursue. Last year the SRECS, the money that people collect was a lot higher and it has dropped by two-thirds. Mr. Gana stated that there is no incentive. Dennis stated that also the Federal Tax Credit disappeared on December 31<sup>st</sup>. Two huge incentives that are not out there anymore that

were driving and if you went into it you're not going to get anything. Mr. Gana stated that it would take longer to recover. Dennis stated that the packages you are getting are not as attractive. I would still look elsewhere, I know Tom has his and you should know what happened to the SRECS. They went from \$600 to \$195 or \$200. Mr. Gana stated that eventually it would be good for you since you will get cheaper electricity. Tom Merighi stated if they last 25 years. Dennis said that this created a tsunami effect across the whole solar business. Supposedly there was a bill that went through one house and not the other in this last legislative session so it died on January 10<sup>th</sup> and it's going to be introduced to implement some sort of basement price. They will pick a number so it would not go below that. It will be somewhat higher than what it is today. Dennis stated that the marketplace pricing was not as attractive. Mr. Gana stated that when we can, we should pursue it.

Field Engineer: Robert Schwarz stated that the old borough trunk line partial replacement project continues on the development of the design for the project. We will have to do some additional investigation and we intend to do some bypass pumping and televising of existing sections to determine what is bad and what is good. to minimize costs. We have written to the Chestnut Square Apartment owner and requested a meeting to advise them of the project. In addition we have obtained an easement from the County Courthouse for a couple of other properties which is dated August 1926. We continue to perform our investigation to assure that we are only replacing what is bad.

Emergency work was performed at 356 North Brewster Road and Roberts Boulevard between Glenn Terrace and Evelyn Avenue due to defective pipes.

Preliminary meeting with Shop Rite engineers on the Landis Avenue site to review the Authority's requirements. They will allow the Authority to review the plan so that it can be easily revised. Plans are to be submitted. There was discussion regarding the additional lights at Wal-Mart and Shop Rite and their synchronization. Bob Schwarz stated that they had 2 years on their existing lease and Mr. Gana stated that the project would take about 8 months to a year to complete. There will be other stores as well on the site.

Video Pipe services successfully grouted the leaky manhole at Lincoln & Brewster approximately 10 days ago.

LSA staff will be installing a clean out at 1035 Gheysens Avenue to diagnose problems and repair existing conditions.

Bob Schwarz wished Maureen DePasquale all the best since it was her last meeting.

Solicitor: Steve Fabietti stated that he received the title report that we had ordered on this property, the main headquarters of the Authority. He had mentioned two meetings ago that we were getting this report to confirm that the constructions liens that had hit the record as the result of some disputes between the contractor and the subs on the Solar Phase II to

make sure that everything is being discharged appropriately from the record and there no other issues as far effecting the Authority's title. Mr. Fabietti stated that he had all of the supporting documentation and he will report to you. He stated that all items dated 2009 were discharged. Everything has been cleared from the record. Mr. Fabietti stated that the general contractor is posting a surety bond to eliminate this as an issue for us.

Dennis stated that the easement through this property is very old and there are no meets or bounds and it says build a pipe across it, if you damage any crops you pay or repair it. Steve Fabietti said that there is no stated limitation as far as the easement area. There is case law that gives some definition to the issue that depends upon what has been constructed there and any discussions over the years. Dennis stated that our design intent is to put a parallel pipe. The old terra cotta pipe in the manhole themselves are often constructed out of individual bricks. and upon replacement of pipe, they come apart very easily. Modern manholes are made of pre-cast concrete with reinforcement in them.

Chairman: Mr. Gana stated that if new members have questions that Dennis is available for a meeting or phone call. Dennis stated that we try to give briefing memos ahead of time.

Issues and Correspondence: One we have specifically we have is for a motion tonight on irrigation gun #8. Dennis stated that we have replaced four or five of the systems at the ag-site. Dennis explained the construction of the original systems was of galvanized pipe but the groundwater in New Jersey is on the acid side. the pH is at 4.8-5, neutral is at 7 and drinking water is about 7 and that acid occurs naturally in the ground and when it runs through the galvanized pipe and slowly rusts it out from the inside. The steel gets weaker over time. Gun #8 is level right now and the trusses attached are starting to pull the steel out. It's cracking and the arch, the irrigation nozzles on the top spray water and it runs down along the sides and all of the exposed steel on the outside. The new products we have been buying have several advantages. The inside of the galvanized pipe has a double coating of polyurethane and is resistant to a lot of corrosion. They have either a lifetime or 25 year warranty. From a water conservation standpoint where the pipe has the arch instead of the nozzles on the top there is probably a 5 or 6 foot hose that hangs down and there is a nozzle on the bottom that rotates as it sprays. Water is sprayed closer to the ground with less evaporation. More importantly it is not sprayed on top of the metal and the sides. It is a much better product from both an internal and outside standpoint and a bid will have to be put together to be advertised and sealed bids will come in and the results will be presented to the board.

Mr. Gana asked for a motion for approval. It was moved by Silva and seconded by Errickson. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted "yes".

Committee Reports:

Engineering/Plant: Dennis spoke about the memo regarding the pipeline, the meeting at DEP and the irrigation system that was the report.

Budget/Finance: Treasurer's report: Tom Merighi reported that income was approximately \$4,870 over budget, less than 1% and expenses are \$27,306 or 4% under budget. Accounts receivables are \$179,690 and the Authority continues to be affected by the economy and is keeping close watch on the budget.

Tom Merighi said that he had some questions. Dennis indicated that we were in the first month of the budget process. Tom Merighi asked if this was a document we received every month. Dennis stated that he would get it every month like a P & L. Tom Merighi also asked if the budget runs on a fiscal year. Dennis indicated that it was a calendar year. Dennis stated that we would start working on the budget in August. Tom Merighi asked if it was a balanced budget. Dennis indicated yes, as much as possible. Dennis also stated that the last couple of years we had to go into reserves and that's why we had a rate increase last year. If there is any surplus it stays with the Authority and that is how we pay for construction projects out of the construction fund. Work starts in August and we meet with the finance committee and tell them that this is what went into making the budget and the rationale behind different aspects of it. It comes to the board for preliminary approval and it goes to DCA and they approve it for the first time as the preliminary budget. It is also announced to the public as a public hearing and we hold a public hearing on the budget and it is posted in the newspaper and people come in and then we do a second adoption and then it goes to Trenton for a second time. The auditors will be coming in to start the audit and at the end they will put together a preliminary audit and we will sit with the finance committee and go through the preliminary to find out what the findings are and it gets sent out to the board. For the adoption, our auditor will come and present what his findings were and answer any questions. We are on an accrual basis. Old costs will be spread out over the life of bonds. Dennis explained that expenses may show high in one quarter, but that may be due to a large insurance bill and that it's cyclical. Income cycles up and down as well because of our billing system.

Mr. Gana asked that Dennis explain how we encourage the payment of bills. Dennis stated that we had fairly significant growth in accounts receivable as we went into the first of the year when the economy was good. The bill goes out and is due at the end of December. Not everyone pays and some flows over into the first of the year. The number steadily grew with people not paying their bills and then they eventually go to tax lien. By the time you get your money it could be a year and a half and then you are in another budget and your early budget suffers. We had to get more aggressive in the collection process. We sent out notices and threatened shut off if they owed over \$1,000 which would be more than 2 years worth of sewer bills. If you are in bankruptcy, that deals with old bills. You have to stay current with future bills. We collected a substantial amount of

money by being aggressive with our collections. Our utility that charges less than \$1.00 a day and if you stack that up to other utilities it's relatively low. The December bill is mailed out in November and there is a 30 day grace period to pay your bill without interest and come the first of the month after that the interest is 1.5% per month or 18% a year. This year was our largest lien sale and our largest funds collected. A briefing memo was sent to the Board regarding the amount collected. There are some old oil companies in town that don't sell because people worry if they have a lien on them they will not sell because of an environmental problem. Those liens sit with the city and some day they may be redeveloped.

Personnel numbers could include a worker's comp bill and it is not all salaries.

Human Resources: Dennis stated that this is Maureen's last meeting. She has been wonderful. Over the years I've had two other secretaries and what amazes me that Maureen had a great hand on the filing system and being able to retrieve information. City Hall calls us for information that they should have that we can find from 20 years ago. Dennis stated that he will miss her. Mr. Gana stated that we all will miss her. Dennis stated that he had a great 18 almost 19 years. Maureen said that she had been at the board meetings for 24 years. Mr. Gana mentioned the party on February 29<sup>th</sup> at noon and that everyone who can will be there.

Public Relations: Dennis stated that there is a picture of Joe Isabella and himself in their files regarding a story about the Authority's site and the solar panels and what the city is doing with the solar panels. It talked about the city seeking an award or some sort of recognition regarding the watts of solar power compared to your customer base. The City will stand out in comparison. The article talked about the public, public private partnership. We mean that we worked in cooperation with the city in leasing the land and we get a lease payment from them. The City as a public utility went out for RFP to have private enterprise come in to build the solar panels. The city gains the benefit from day one of savings on power. A big issue for both of us as public agencies is we don't have depreciation that we write off taxes because we don't pay taxes. By partnering with a private enterprise those benefits are in the resulting price and it gets packaged in the price.

Insurance Committee: Dennis stated that we took action tonight for prescription coverage and property and casualty will take place later in the year.

Allocations/Administration: With respect to the meeting we had today, we've had two people that had permits came in and asked to get their money back and we sent letters to them stating that when new people come within the same category, they money will go back out.

There was no old business.

Under new business, Maureen's luncheon is on the 29<sup>th</sup> at 12:00 p.m.

At 6:51 p. m., there being no further business to come before the Board, it was moved by Silva and seconded by Errickson that the meeting be adjourned. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted "yes".

THE LANDIS SEWERAGE AUTHORITY

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JOSE SILVA, JR., SECRETARY