

THE LANDIS SEWERAGE AUTHORITY
REGULAR MEETING
December 7, 2015

Pledge of Allegiance.

The regular meeting of the Landis Sewerage Authority was called to order by Chairman Merighi at 6:00 p.m. The following members were present at roll call: Barse, Reuben, Errickson, Villar and Merighi were present.

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

Chairman Merighi 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
Carol A. Ricci	Executive Assistant
Kate Wyble	Wyble Reporting Services

It was moved by Errickson and seconded by Barse that the reading of the minutes of the regular meeting held on November 16, 2015 be dispensed with and the same be approved in the form submitted to all members by mail. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted “yes”.

Chairman Merighi stated that we were going to move into the public hearing section of the meeting. It was moved by Villar and seconded by Errickson that the public hearing commence. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted “yes”.

Solicitor Fabietti stated the following: This opens the public hearing for the Landis Sewerage Authority with respect to rate setting for the acceptance of high volume liquid waste for digester feed and connection fees. My name is Steven Fabietti, Solicitor for the Landis Sewerage Authority. At this time I would like to swear in all of the individuals who will be providing testimony on behalf of the Authority.

Please state your name and position:

Dennis Palmer, Executive Director/Chief Engineer of the Landis Sewerage Authority.

Mr. Palmer please raise your right hand. Do you swear that the testimony you are about to provide tonight is the truth, the whole truth and nothing but the truth. Dennis Palmer replied "I do". At this point in time I would like to hand the public hearing over to Dennis W. Palmer, The Executive Director/Chief Engineer of the Landis Sewerage Authority.

My name is Dennis W. Palmer, a licensed professional engineer and also the Executive Director of the Landis Sewerage Authority. Tonight we are holding a public hearing on modifying our existing rates for accepting liquid waste from food processors as food processor waste containing oils otherwise known as FOG which is fats, oils and grease. The Authority has been accepting these materials for the last several months. However finding that there is competition in the marketplace and it is a practice of other facilities to provide a discount for large quantity haulers; the Authority has evaluated this situation and would also like to develop consistent deliveries for proper planning and processing of these materials in our digester. With that, the Authority previously provided a \$0.01 reduction in the price per gallon for liquid food processor waste and FOG for those who deliver 30,000 gallons per month or more.

To further stimulate increased deliveries of these liquid wastes. At tonight's hearing it is proposed that for deliveries of over 30,000 gallons per month an additional one cent (\$0.01) reduction would be applied for those deliveries over 30,000 gallons. As an example for delivery of 45,000 gallons or more of FOG the first 30,000 gallons would pay \$0.07 and those gallons from 30,000 to 45,000 or more would be charged \$0.06 per gallon. This is with a starting price of \$0.08 per gallon for FOG.

Tonight the Authority also advertised for comments on a proposed increase in its onetime connection fee paid generally by new users. The Connection Fee is established by law by a formula and it is calculated every year by our independent auditor. This fee has not been raised in several years and the Authority's policy has been to set it at approximately 50% of the true calculated value. Our auditors, Romano, Hearing, Testa and Knorr in a letter dated July 13, 2015 indicated the allowable connection fee at \$4,818.00. It is the recommendation tonight that the connection fee of \$2,400 per 300 gallon block (equal to one home) be adopted and a proportional increase for the other accounts.

The connection fee is to bring new users on par with the capital contributions of the existing customers (a capital recovery fee). The new customer could not connect and have their wastewater conveyed and treated, but for the previous capital projects paid for by the existing customers.

The Authority has provided public notice as required by state law, specifically N.J.S.A. 40:14A et seq. This is a requirement that the Authorities publish in at least two newspapers and such notice should appear at least 20 days prior to the public hearing. The Authority has proof of publication from the Press of Atlantic City and from the Daily Journal where the legal notice was advertised and published on November 6, 2015 therefore the 20 day notice has been satisfied. The law also requires the Authority notify the municipal clerk of the municipalities that are served by the Authority. That was done

in a letter dated November 4, 2015 that was mailed to the Clerk of the City of Vineland, the Clerk of the Township of Franklin, the Clerk of the Township of Pittsgrove and the Clerk of the City of Millville/

It is my recommendation that the Authority move ahead and proceed with the adoption by resolution of the additional \$0.01 reduction on the delivery of over 30,000 per month of either liquid food processor waste or FOG and the new connection fee. This price reduction would not apply to manure.

Given the fact that there have been no written or verbal communications made to the Authority in advance of tonight's public hearing and there are no questions or calls from the public requesting to attend tonight's meeting, I would recommend that a hearing officer's report be prepared and that at our next meeting we adopt a resolution effectuating the discount for all deliveries made during December and connection fees and into the future.

I would like to open this hearing to any comments written or verbal from the audience. Seeing none, I recommend that the hearing be closed.

It was moved by Barse and seconded by Villar that the public hearing be closed and the regular meeting of the Landis Sewerage Authority reconvene. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

The Chairman asked if there were any general public comments or comments on the proposed Resolutions. There were none.

Resolutions:

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-121, "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.....\$188,341.20", be adopted. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-122, "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....\$344,928.62", be adopted. Roll call: Barse, Reuben, Errickson, Villar, and Merighi voted "yes".

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-123, "A Resolution of the Landis Sewerage Authority authorizing the disposal of surplus property..." be adopted. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

Dennis stated that this is for our previous postage meter.

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-124, “A Resolution of the Landis Sewerage Authority establishing regular meeting dates of the Landis Sewerage Authority for the administrative year beginning February 1, 2016...” be adopted. Roll call: Barse, Reuben, Errickson, Villar and Merighi “yes”.

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-125, “A Resolution of the Landis Sewerage Authority authorizing municipal unit purchasing pursuant to N.J.S.A. 40A:11-12 under state contracting procedures...” be adopted. Roll call” Barse, Reuben, Errickson, Villar and Merighi voted “yes”.

Dennis stated that we pass this Resolution once a year so we can buy off of the State contract.

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-126, “A Resolution of the Landis Sewerage Authority establishing allocation dates for the Landis Sewerage Authority for the 2016 administrative year...” be adopted. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted “yes”.

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-127, “A Resolution of the Landis Sewerage Authority summarizing allocation activity through the close of Allocation Round 160...” be adopted. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted “yes”.

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-128, “A Resolution of the Landis Sewerage Authority authorizing a contract with Action Hyundai for vehicle services in the amount of \$20,815.48...” be adopted. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted “yes”.

It was moved by Errickson and seconded by Villar that Resolution No. 2015-129, “A Resolution of the Landis Sewerage Authority authorizing raises to management and non-bargain personnel...” be adopted. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted “yes”.

Dennis thanks the Commissioners on behalf of the LSA staff.

It was moved by Errickson and seconded by Villar that Resolution No. 2015-130, A Resolution of the Landis Sewerage Authority authorizing an alternate method contract with NJ Manufacturer’s Insurance Company to supply Worker’s Compensation Insurance...” be adopted. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted “yes”.

Reports:

Executive Director

Dennis Palmer reported that right after we were in Atlantic City on the next night we received two awards for some energy saving equipment we are using in the plant.

Steve Errickson asked how much energy we saved and Dennis replied that we probably saved 15% to 18% in their location in the plant. One saves energy and the other helps your motors run cooler and more efficient and a cooler motor makes the insulation last longer.

Even though it's been three weeks since our last meeting it has been kind of quiet with the holidays coming. We've had several field meetings with Hatch Mott MacDonald on the collection system here in the office; what are we looking for and what are we evaluating. Dennis stated that he wants to stop at City Council at one of their workshops and say basically what we are doing. I've been calling it Project 2040. What do we do to make the plant and the system reliable, resilient and have the capacity to take us to 2040 which is 25 years out and it matches the City Master Plan and the Authority's Wastewater Treatment Plan as well.

It's the second month now that we've brought in \$6,000 worth of revenue on the receiving station and over 80,000 gallons. In part tonight's action is we had feelers from a company that our current pricing is not competitive but with the new drop, and they are looking at potentially 50,000 to 60,000 gallons a month alone coming in. That could be nice high value grease that gives a lot of energy.

The co-gen is back up and running again. It had a rebuild last week.

Field Engineer

Bob Schwarz reported that during a TV inspection for various reasons, the Landis Sewerage Authority staff found issues with pipes on East Chestnut Avenue and North Delsea Drive. We are preparing specifications and a sketch to have the Chestnut Avenue issue addressed. The North Delsea Drive issue we believe is a Conrail responsibility and we are corresponding with Conrail to advise them of the situation.

We received an allocation application for a warehouse and office at Mill Road just north of Garden. LSA has provided comments.

Solicitor:

Steve Fabietti stated that he Dennis have been managing a personnel situation which involves confidential issues that we cannot disclose at this point under the open public meetings act rules but it is ongoing and we will report back on a closed session if necessary.

Chairman: No Report

Issues and Correspondence:

Dennis reported that Hildegard Krummp, our longtime payroll clerk has given her written resignation effective the end of March which is 90 plus days. I want an authorization to advertise and the second thing is to fill the position. Our budget has so many bodies in it and we are allowed to fill empty spots and we would double down similarly to when BettyJo was leaving to bring someone in. There will be an extra person on the budget for a period of time for training purposes. In the long term it usually averages out since the new person doesn't get longevity and the new person starts at \$4.00 an hour less. For those couple of months that they are here it usually evens out at the end of the year. Tonight we need a motion to advertise and second is to apply for two persons in that job at one time between now and march 31st.

It was moved by Barse and seconded by Villar that the Executive Director be authorized to advertise for the hiring of a payroll clerk. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

Committee Reports:

Engineering/Plant:

Dennis reported that he was waiting for the information from the engineer who is supposed to give us some updated estimates. At this point in time we haven't had a final design but to have some estimates that I can call the finance committee and work towards the financing of the project which we want to work on the first quarter of each year; get the estimates, get to bond counsel and get our own Solicitor involved and put together, as I see it, a request for proposals, a competitive bid from local banks for about a 3 year length balloon loan and then we look at permanent financing afterwards. The whole goal that it is invisible to our rate payers. They won't see a whipsaw on rates. As a balloon we pay off and on the permanent financing our existing bond will be paid off. There will be some activity through January and February as we approach. We need the numbers first.

Budget/Finance:

Dennis reported that at this point we took action at previous meetings; we had the hearing on the budget. The budget is at the Division of Local Government Services and will hopefully be back before our next meeting so we can adopt it. Normally we have to start calling and asking where is our budget. We met the deadline of submitting it 60 days before the New Year and it came last year right on time.

We did give testimony on S72, the bill that would limit budgets to 2% and also budgets have to go to the governor's office. I checked the schedule and the next date for the Senate Appropriations and Budget Committee is this Thursday and it's not on the schedule.

Human Resources

Dennis stated that he and Steve are working on a matter and at this point it does not come to the Board.

Public Relations: No Report

Insurance Committee:

Carol Ricci reported that in your packet you had a memo regarding Worker's Compensation with a lot of numbers. The fact of the matter is we had lower payrolls, our experience mod went down, we had very few losses and our discount kicked in from last year that brought down the price considerably. The sheet that is attached to it is fairly complicated. If you are looking at a term called the NJSIF which is the secondary insurance fund. To give you an example of what would mean is if a person comes in to work for you and he has only one hand from a prior worker's comp accident possibly from another employer and while employed by you he loses his hand in a terrible accident, you are only charged for the one accident. We're covered for war and terrorism losses. The Ag-Site was re-rated and raised up a little. Everything else is pretty good and of course NJM is giving us another 15% discount that will not be recognized until the beginning of 2017 if we renew with them. It's very hard to put comp out to bid. A lot of companies don't understand what we do here. Every once in a while they re-rate sewer plants in the field. They had a big jump a couple of years ago and in some ways we think it was a knee jerk reaction to a situation up north.

Dennis stated that we shopped this around over the years. We were in the JIF for a while that was many Authorities. This particular JIF that we were in said that we had to do Property and Casualty with them as well if we wanted the Comp coverage. They kind of held a gun to our heads. Carol Ricci stated that we had Zurich prior to Statewide and they were the JIF.

Perry Barse asked if there were reclassifications that helped us. Carol Ricci stated that the reclassifications were set and it was basically experience mod was lowered considerably, lower payrolls and losses and the discount kicked in.

On another note, our Life Insurance, Long Term Disability and AD & D which will be for action next meeting, we received a quote today. We had been with Principal Life Insurance for a three year contract for \$1,120.00 month premium to cover everyone. We went out to renewal and they raised it up to 9.43%. However our agent is very persistent and he went out to market. We were turned down by a lot of people because they felt they could not match the price. Today he sent me a quote from Mutual of Omaha which meets the price that we are currently paying; better coverage on LTD which is a 5 year payout instead of 2 years and it is a year contract. Principal would only renew for one year this time. A two year contract is much better. It will be on the Agenda for the next meeting and it renews the 1st of the New Year. I had to put it before you tonight so you would know that it is coming.

Allocations/Administration:

Dennis stated that he gave you a printout on metrics from HomeServe that provides the preventive maintenance for homes and they are up to 309 accounts. That continues to grow every month. We get a small check every month from them too. You have a homeowner gets his with a \$5,000 to \$10,000 bill and this is nice insurance for them. We have old terracotta lines and old Orangeburg lines which are horrendous.

Tom Merighi stated that he had two phones calls from people that had received the mailers and they were somewhat confused on what it was. They said it seemed that it was coming from LSA directly. Dennis stated that if you read the whole bill, it states that they are an agent of LSA and it is not from the Authority. They have to read the whole package. The name is on there because that's who the customer is. I get similar ones and you see the same thing. It's more of an introduction and we went through somewhat of a selection process for them. I had one plumber complain about it. If you want to get involved in this kind of business see if you can be one of their approved contractors.

Tom Merighi stated that he got one and he had two separate calls and the first one I didn't say anything but by the second one I said at least let me bring it up. Dennis stated that we have been fielding calls and I tell them that I have it for my water lines with the same company.

Tom Merighi stated that I'm sure they do their marketing and it's almost to the point where it looks like a bill and you have to pay it because it's from LSA. Dennis stated no because that is one thing he insisted on. Tom asked if we approve all of the mailers and Dennis stated that Carol and I see all of the mailers.

Steve Fabietti stated that the contract states that all mailers be approved by Dennis. Dennis also said that other companies do put something out that looks exactly like a bill. I told them don't make it look like a bill. It's a service you can choose; it's optional.

Carol Ricci commented that a couple of people sent their check here made out to LSA. I have a form letter and I immediately return everything to them explaining that this is not our deal.

Old Business: None

New Business: None

Adjournment:

At 6:28 p.m. there being no further business to come before the Board, it was moved by Errickson and seconded by Barse that the meeting be adjourned. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

THE LANDIS SEWERAGE AUTHORITY

G. STEVEN ERRICKSON, Secretary