

THE LANDIS SEWERAGE AUTHORITY
REGULAR MEETING
March 3, 2014

Pledge of Allegiance.

The regular meeting of the Landis Sewerage Authority was called to order by Chairman Errickson at 5:00 p.m. The following members were present at roll call: Reuben, Villar, Silva and Errickson were present. Merighi was absent.

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

Chairman Errickson 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
Stephen Barse	Solicitor
Carol A. Ricci	Executive Secretary

It was moved by Silva and seconded by Villar that the reading of the minutes of the regular meeting held on February 18, 2014 be dispensed with and the same be approved in the form submitted to all members by mail. Roll call: Reuben, Villar, Silva and Errickson voted “yes”.

It was moved by Silva and seconded by Reuben that the reading of the minutes of the closed meeting held on February 18, 2014 be dispensed with and the same be approved in the form submitted to all members by mail. Roll call: Reuben, Villar, Silva and Errickson 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 Villar and seconded by Silva that Resolution No. 2014-29, “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.....\$59,615.00”, be adopted. Roll call: Reuben, Villar, Silva and Errickson voted “yes”.

It was moved by Silva and seconded by Reuben that Resolution No. 2014-30, “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...\$206,295.58”, be adopted. Roll call: Reuben, Villar, Silva and Errickson voted “yes”.

It was moved by Silva and seconded by Reuben that Resolution No. 2014-31, “A Resolution of the Landis Sewerage Authority authorizing payment from the Construction Fund of certain costs of the system in the amount of \$12,308.00 to T & W Construction Co. for final paving on sewer trenches for which either settlement of the road occurred or work was performed to repair or replace sewer laterals in accordance with the provisions of the Authority’s General Bond Resolution...” be adopted. Roll call: Reuben, Villar, Silva and Errickson voted “yes”.

It was moved by Silva and seconded by Reuben that Resolution No. 2014-32, “A Resolution of the Landis Sewerage Authority authorizing payment from the Construction Fund of certain costs of the system in the amount of \$2,807.34 to Garrison Enterprise, Inc. to provide labor, material and equipment to repair a sewer lateral break 6 feet deep located behind the curb at 522 Plum Street in accordance with the provisions of the Authority’s General Bond Resolution...” be adopted. Roll call: Reuben, Villar, Silva and Errickson voted “yes”.

It was moved by Reuben and seconded by Silva that Resolution No. 2014-33. “A Resolution of the Landis Sewerage Authority authorizing the Executive Director to enter into an Interlocal Services Agreement with the City of Vineland for completion of a grant funded reforestation project on land owned by the Landis Sewerage Authority...” be adopted. Roll call: Reuben, Villar, Silva and Errickson voted “yes”.

Reports:

Executive Director

Dennis Palmer stated that he wanted to report on shared services agreement with the City on trees. They received a grant from DOT when Delsea Drive was widened to replace trees. This is thousands of trees and we are talking about eastern white cedars, not quite endangered, but still protected. We will be working on that our here on Authority property. We will put the fence up, get the trees, plant the trees and the City will reimburse us from the grant that they received from DOT. We have two areas we are looking at.

Dennis reported that we had worked on under issues and correspondence, the e-mail from the Mayor requesting money, actually about \$10,000 more than last year. With that I worked on a response back to the Mayor. You all have copies of the letter. Last year we raised rates \$20 with 12,300 accounts which raises about \$246,000. With that there is a certain balancing because there are 10,000 homes and there are so many apartment complexes. The apartment complexes, while a higher number, pay less and their rate

increase was less. You balance it out to get to \$265,000 to \$275,000 based on the \$20 we raised last year with no impact this year on our customers. Dennis stated that his thoughts were. The letter back to the Mayor states that we should be intellectually honest that his office and administration tried to hide the fact that when people complained about last rate increase, we said it was solely due to City Hall. When they called City Hall, they denied it. It actually became part of that "Truth Stretcher" award. We can talk about that under the Chairman's report.

The EDA grant for the manure project that has been around for five years has raised its head again. We are still trying to see if that is viable. Every time we work with the people from Golden, Colorado from the Department of Energy who is running the grant, they keep changing the rules on us and we are also working with the State Department of Agriculture. We do exactly what they want and a new grant reviewer comes along a year later and wants us to change things and go back to what we had previously and had changed for a previous grant writer. Dennis stated that he did not have a high confidence level in the viability but we are continuing to work on that project.

Dennis stated that in everyone's package there was a letter dealing with Glenn Dobson. It was a personnel matter. It is for information only. We did not fire the employee so it is not up for discussion tonight but just for your information at this point in time.

Dennis reported that last week we had a meeting with City Hall dealing with the tree grant. Dan and I are going to use the same tree planter we used before and we are working with our forester as well.

Field Engineer

Bob Schwarz reported that the Burns Avenue Sewer Extension Project made good progress last week. The contractor did not work today due to the weather. They will be working on Burns Avenue for about 10 days and then on Main Road between Burns Avenue and Rieck Terrace.

Bob also reported that the contractor completed the mainline portion of the project on McMahon and Clover and it will be completed with everything except final restoration in about one week.

The Authority had a collapsed pipe on Howard Street on Sunday, March 2nd. Repairs were made and the problem is fixed.

Solicitor: Stephen Barse stated that there is no report.

Chairman

Steve Errickson stated that we received the e-mail. Steve stated that he wanted to make sure that no one is confused because some will think that well we raised rates \$20 last

year, why do we have to raise rates again. Didn't that pay for what the City was asking for?

Dennis stated that last year we paid \$434,000 to the City and change. We had a \$20 rate increase. It was done at the July billing so it wasn't even in the entire year. We also had bond counsel on for a short time last to look at our 1993 bonds and money flows through the different accounts. He agreed and supported the idea of one time cashing one of our bonds in and taking those funds from that bond, depositing it into the revenue account would be for this disbursement which would pay the City the \$434,000. We broke that bond at the end of the year and made that last payment at the end of December. The purpose of doing that was that raising that \$20 mid-year wouldn't even raise the whole \$200,000 plus we talked about earlier because it's mid-year. Our bonds have a covenant and we have to have a certain amount of coverage and you have to raise so much money to cover a 110% of the payments on the bond plus all of the other expenses. We want to make sure we meet bond covenants because at some point, about two years from now, if we go out for a bond for about \$12 or \$14 million to upgrade the plant and collection system, you don't want to go into the market to borrow money and somewhere in one of your audit reports in the last five years that you didn't make coverage; that you had a technical failure or default because you didn't meet one of the covenants of the bond. We want to make sure we have enough money there. And not to gouge our customers we went up \$20. We told them in the meetings and Carlos you sat in the meetings and Tom as well, that we could raise so much money and if you come back, we're going to have to raise more. That's basically what my comment says. We have 12,300 accounts and that \$246,000 and it is actually a little bit more because it's less homes, like apartments and commercial and when you put it all together \$265,000-\$275,000, in that neighborhood is what we can do with the \$20 that we raise and we won't raise for this entire year because it went into effect last year. If the number is higher than that we would have to raise more money and also you have the 110%, if you pay out a big number, you have to bring in 10% more than that big number so we can meet our bond covenants. If you paid \$445,000, you have to raise more than \$445,000 to make that bond covenant so that is why you would need that extra money.

We helped them out last year. That was the Mayor's first year, new budget and they just walked into a situation last year and we helped them out. They had an entire year and whatever value the re-evaluation gave their budget to handle this thing. They had more than a year, 15 months or so to evaluate this. The discussion that the Chairman and I have had is that we would like to help the City with their budget, but help them to the extent that we raised the rates last year and that has a value of \$265,000-\$275,000.

Carlos Villar stated that he agreed. Are they going to threaten to take us over again, we've been there.

Jose Silva asked if we had a shared services agreement. Carlos Villar stated that we are working on that as well. Dennis stated in the conclusion of the letter that we believe the best recommendation is to move forward with the shared services, our next meeting is March 25th. At the last meeting we passed a motion that we want to wrap this up in April.

The meeting we have on March 25 should be like union negotiations; we don't walk out of the room until the agreements are done. We could adopt it at our first meeting in April and City Council's meeting in April or thereabout. We say to the Mayor we share costs for both parties and it may take a little while before the fruit fully ripens and we get everything out of it and move ahead with the shared services and to help you out now we are willing to help out with the \$265,000 or \$275,000 range which is the value of the \$20 rate increase last year. We also have a fiduciary responsibility to look out for our customers and our bond holders.

Jose Silva asked if we were looking for a motion today. Dennis stated that the letter was done in draft as you received as well as the Mayor's request. What I am looking for tonight is that Steve has the letter in final form waiting to sign it and I just want to make sure there is a common mind amongst the board members. Mr. Mayor, we are working on shared services and unfortunately you have not been here for two meetings and we've talked about this. This is what we can afford to pay without costing our customers any more than what we have charged them already.

Jose Silva stated that he was not in agreement to give them anything else. Steve Errickson stated that the other problem is that by law they can request up to 5%. Jose Silva stated if we have a shared services agreement that should circumvent that statute, Steve said he agreed. Dennis stated that the shared services does have recognition that have paid and we may support them. We have had some discussions where council members are cognizant of what the \$20 will raise and the headlines that it brought last year. They are receptive that it may be sufficient funds and that is actually part of going through the shared services agreement is that council, because of what the administration has asked for will be see how much they actually want to see in the budget.

Carlos Villar stated that they also do not want to see us having to raise an additional \$20. They are in line with us. Steve Errickson stated that he believes there will be an offset and the amount the Mayor is asking for is going to be offset a great deal by the amount we are going to save in the shared service agreement. Steve also stated that the whole point that we want on record, because people are going to be a little confused when they hear this, we don't want them to blame us when we have to raise rates. We want it to be clear that we raised the rates last year because we were raided for the 5%. We had to pay it. In order to keep our organization going we had to raise them \$20. Even after a re-evaluation which I don't understand, because I have never heard of having a re-evaluation and then the very next year continue to raise taxes. Usually once you have a re-evaluation, things are stable for two or three years, at least. Here we are, we just had a re-evaluation and he is still asking for more money. There is something wrong there. I don't think we will have to pay the full 5%, but if we do the rates are going to go up another \$20-25, we want to be very clear that the reason for that is because the City administration is now raiding us again. It's legally raiding, but they are raiding us. They can't get their own house in order even with the re-evaluation. I know my taxes went up. I want it on the record and for people to understand why this is going on and hopefully the shared service agreement we're going to have here will offset some of this request.

Jose Silva stated that the only motion in good conscience he could put on the floor would be to reject this offer and make no counter offer and make the recommendation that we are following through with the shared service agreement and pay nothing else. I don't want to pay them anything else. Dennis stated that he understands and it is not consistent with the discussions we've had in the shared services committee meeting.

Carlos Villar stated that part of what we are doing with the shared services is we are earmarking a certain amount of monies so they are used for specific issues that we see fit. Jose Silva stated that whatever is in the shared services agreement would be the controlling document. Dennis stated that in the shared services agreement in the third or fourth paragraph recognizes the City's right to ask for funds under the law. There is certain recognition by people in the shared services meeting to accept where we were on the \$20.

Carlos Villar stated to accommodate what you are saying is we are basically sticking to what we are saying in the shared services agreement but includes making some kind of a payment as well which will direct how it is going to be spent.

Dennis stated that the shared services agreement states the first \$50,000 should go towards capital improvement projects such as but not limited to sidewalks, intersection improvements or other safety issues in the community. It is for capital infrastructure items, it's not just going down a hole in the City's budget for whatever. The predominant issue is that there is a need in this town for children to get to school safely. There are no sidewalks in areas where they need them and in the worst case is the Elmer Road issue.

Jose Silva asked if this discussion would be premature since we don't have a signed agreement. Carlos Villar stated it would be somewhat. Dennis stated that the e-mail we received last week was probably premature in some respects because the Mayor has not attended the two meetings. He had his public relations person come which is not even a City employee and he had the Director of Electric Utilities come to the second meeting. In those meetings we have had those discussions of using a number less than the full amount because I frankly don't think City Council wants to be hit with this headline they had last year that they were responsible for the rate increase. There is a certain acceptance or recognition to live with, while you could ask for this, live with the amount that we already have. We already raised the \$20. The \$20 started in the middle of last year in the July and August billings and they continue into the December and February billing. The Authority has seen the income and it's already in the budget as income. It will not require the cashing in of a bond to balance the budget so we meet our bond covenants.

Jose Silva asked if it would require raising rates. Dennis replied there is no new rate increase. Carlos Villar replied that there would be if we had to do full amount which we've said we are not willing to do.

Steve Errickson said that we should keep in mind that last year we were sitting here and they came after us for 5%. We gave it to them and right after that they came back with we're going to take you over. Dennis stated they were having the secret meetings about

the takeover. Steve stated that we have come a long way. This year we they are not talking about taking us over, they are talking about a shared service to help offset some of this cost and they are still talking about money but we are also talking about shared service rather than takeover. A takeover would be a major disaster for the organization and for the City of Vineland. Steve said we need to continue on in the direction we are going with the shared service. Dennis stated that this answer is consistent with our discussions in the shared service committee.

Jose Silva asked if we could just table this until we have the agreement. Dennis stated no and Steve Errickson said he would rather send it back to him on notice as far as what we are doing.

Dennis stated that the answer to this problem is a small amount and shared services. The shared services is the long term answer to sharing or buying equipment together or buying chemicals. This is not going to happen in the next month. Some of our bidding is later in the year. This is a long term answer that has a life of three years and then we can look back and re-examine what was successful and what wasn't. There is a re-examination three years down the road.

Steve stated it's like getting a lower electric bill. After 12 months you will see how much money you will save.

Steve asked if we needed to vote on this.

Dennis stated that you have seen the draft letter in the file and Steve has it in front of him.

It was moved by Villar and seconded by Silva that Steve Errickson's letter be forwarded to the Mayor. Roll call: Reuben, Villar, Silva and Errickson voted "yes".

Issues and Correspondence:

It was moved by Silva and seconded by Villar that the Executive Director be authorized to advertise for bids for the co-gen maintenance contract. Roll call: Reuben, Villar, Silva and Errickson voted "yes".

Committee Reports:

Engineering/Plant: No Report

Budget/Finance: No Report

Human Resources

Dennis stated that he needed to send a memo out to the committee. There are a couple of positions we need to move around in light of Delores Chalow, our purchasing manager

passing away. Her funeral was on Saturday. We want to move Marge Miller into that position. We also have hired and moved around some of the guys.

Public Relations

Dennis passed around a publication with an article regarding Assemblyman Fiocchi's visit to the Authority. It's similar to the one that was in the newspaper. Next month we will have the kids in for the first meeting in April for the Earth Day Poster Contest.

Insurance Committee

Carol Ricci reported that she is in the process of updating the schedules for the property and casualty renewal. She stated that she did speak with the gentlemen Steve Errickson referred from Gallagher Agency. Unfortunately, we are not eligible for that fund. It is strictly for county agencies. We are looking with other joint insurance funds. One problem that we have with a JIF is that we have a lot of equipment at the Authority. If we have a problem with any equipment that needs to be replaced through an accident, fire, explosion a joint insurance fund does not give you replacement value which is what we get from our insurers. We get what it is worth at the time. That could be a big issue for us; however we are looking at all the JIF's that are available to us plus some insurers such as Travelers, maybe Hartford. Carol stated that she will be meeting with Bob English at the end of March and we will be scrubbing out the schedules and start putting everything into motion.

Allocations/Administration:

Dennis reported that we are looking forward to the Vo-Tech coming through. Also, about 2006, we wrote a letter to the school board on the new middle school. At that time they were trying to trade off some capacity of schools closing down and not having to pay a connection fee. We are re-evaluating it. Three out of five schools are not connected to the system so I called Wayne and told him that they owe us a connection fee if the school comes through and I sent him a letter and told him what the dollar amount.

The K-Land litigation finalized and we will have to reimburse the developer for his pipeline. We gave them the dollar amount so there is no surprise and it will most likely be in 2015-16's budget. The big issue that happened last time is the State had paid for that connection fee. This is a super authority that builds schools. There is actually wording put in the bill that exempts them from paying sewer and connection fees. Since the State isn't paying for it and they didn't have it in their budget, they were between a rock and a hard place. Now they know a year ahead of time.

Due to unforeseen circumstances, Thomas Merighi arrived at the meeting at 5:28 p.m.

Old Business: None

New Business:

Dennis stated that everyone was going to the AEA convention in Atlantic City on the 11th and 12th of March.

Adjournment:

At 5:32 p.m. there being no further business to come before the Board, it was moved by Silva and seconded by Reuben that the meeting be adjourned. Roll call: Reuben, Merighi, Villar, Silva and Errickson voted “yes”.

THE LANDIS SEWERAGE AUTHORITY

CARLOS VILLAR, Secretary