

THE LANDIS SEWERAGE AUTHORITY
REGULAR MEETING
November 16, 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
	Thomas J. Post	Business Manager

It was moved by Errickson and seconded by Villar that the reading of the minutes of the regular meeting held on November 2, 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".

Dennis Palmer, the Hearing Officer for the public hearing advised that the public hearing on the 2016 Budget was advertised and published on October 26, 2015 and that proper notice was given in accordance with out bonding requirements and covenants. The preliminary budget was approved on October 19, 2015 and submitted to the New Jersey Department of Community Affairs. Dennis Palmer advised that the 2016 budget does not have any increase to our users over the 2015 budget. It is \$9,945,000. The 2015 budget was \$9,750,000 so this is a 2.0% increase.

While the annual user fee will not change, the Authority has initiated the public notice process for a public hearing to increase the connection fee from the existing \$2,090 to a proposed \$2,400.

With that opening statement, I would like to open the floor for comments from the public. Also in attendance tonight is Thomas Post, the Landis Sewerage Authority Business Manager who has prepared the budget and is also available for your questions.

Seeing that there is no public in attendance wishing to make comments, I duly close this public hearing and ask the Chairman to close the public hearing and move onto the regular meeting.

Chairman Merighi asked for a motion to conclude the public hearing for the budget. It was moved by Barse and seconded by Villar that the public hearing for the 2016 Budget be concluded. 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 Barse that Resolution No. 2015-119, “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.....\$92,906.44”, be adopted. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted “yes”.

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-120, “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.....\$246,308.89”, be adopted. Roll call: Barse, Reuben, Errickson, Villar, and Merighi voted “yes”.

Reports:

Executive Director

Dennis Palmer reported that the Board was in receipt of the Engineer’s report and it was submitted to our bond trustee. It is required as part of our bonds to look and evaluate the system. We are somewhat in a holding pattern because we know we have several large capital items that we will be designing in late 2016 and advertising for award on the collection system and design on the treatment and continuing into 2017. It is somewhat evidenced by the low number of resolutions we are holding the budget to the end of the year. We are working on a few repairs but nothing of any real significance.

Last week I was invited to go to be a guest lecturer at Rutgers and Cook Campus Environmental Science class to talk about the various sustainability items.

Last Thursday we had a tour from Rowan University Environmental Science Class. They come every year with Dr. Chen. We also get their civil engineers every spring.

Last week we had a good closeout meeting with FEMA to get paid for the generators that we purchased. They want to see the actual canceled check and not the copy of the check. One of the vendors we bought the cables and plugs lost the check so we had to reissue the check and that held us up getting paid. We were their first closeout and they liked how we put together the closeout documents and they are using it as an example for other people who are doing something similar.

With respect to the upgrades, we have been gathering exit data and transmitting it to Stan for the plant upgrade. Hatch Mott has been here for two days for field work and they will be back here on Monday and Tuesday. A lot of this field work and data gathering is to get a better scope of work and services to be constructed and get a better focus on the budget. We have until the end of this year and the beginning of next year to sit with bond counsel and our financial advisor to look at the borrowing.

Field Engineer: No Report

Solicitor: No Report

Chairman:

Tom Merighi thanked Tom Post, Dennis and all of the staff that worked on the budget. You did a great job in keeping it to a small increase. I am also looking forward to seeing all of the Commissioners and staff at the AEA Conference.

Issues and Correspondence:

Dennis stated that about eight other Authorities went to Trenton last Monday to give testimony on the bill S-72 limiting budgets to 2% increases for Authorities without any of the exemptions that municipalities have. We had some very good discussion. The sponsor, Senator Stack, who is also vice-chair of the Committee, had already offered the amendment to give us the same exemptions that municipalities have. We thanked him for it and there were other issues surrounding it where we're different than municipalities. A big one being that we have revenue bonds with bond covenants. Municipal bonds don't have those revenue issues because the towns are able to tax. There are a thousand of those bonds out there that are revenue bonds that have revenue tests. We bought those issues up. We're much more involved with large capital projects so taking the bonding out may help a little.

The maintenance of the facility which isn't bonded and done every year tends to be a significant number compared to municipalities and they only seem to go up as costs go up. Some issues I want to explore are they don't recognize if we have another major recession. From our own experience, we lost some significant industry and some of our large industries cut way back. This says no bill can go up over 2%. As their bills went down to keep the Authority afloat we eventually had a 4-5% rate increase to make up until we could catch up with it. When those industries closed, we did calculations and we are about 70% fixed costs and 30% variable. When Kosher closed we lost 100% of the

income but we still had the fixed costs we had to make up for. We still have debt payments, healthcare, employees to pay, payments to the pension fund. If that business closes they still pay property taxes. The towns don't see the significant loss that we see as Authorities that are tied to the economy. We are supposed to go back and meet with aides to the committee between now and December 10th to hopefully bring those along. It does not have wheels in the Assembly which is good news. There is certainly an educational process where authorities are just clearly different than municipalities.

The other thing Authorities are being pushed by DEP to do are large expenses and while again you pay for the capital and once you get that money and you build that facility, it has annual maintenance costs. We are different and the other thing we have hanging over our heads is mandatory DEP penalties if we don't meet compliance. The good news is that the cheap ones are \$1000 to \$5000 a day and you go from there. There were many other authorities and bond counsel there to talk about these issues. The good news is the bill was held for the day.

Tom Merighi asked about the letter in the packet. Was it a sample letter? Dennis stated it was and that we had two phone calls or emails regarding what this meant and do we have to do it. Dennis said no it's just what the letter says. You can buy it now if you want at the lower price or buy it later. You can buy it now and not build it. It's just to advise you of the options out there. Also multiple authorities were kicking out emails over the weekend on S72 so by the time we started working on it Thursday and Friday, there were at least amendments on the table about the bill and the bill's sponsor. There were also good questions asked by other Senators so even if it comes out of committee you may have some no votes or abstentions which means that something happened with this bill.

Committee Reports:

Engineering/Plant: No Report

Budget/Finance:

Joe Reuben reported that income is approximately \$727,236 or 8.95% over budget and expenses are approximately \$169,327 or 2.08% under budget. Accounts receivables decreased approximately \$77,796. The Authority continues to be affected by the economy and is keeping a close watch on its budget.

Dennis stated they were on an accrual basis, so the income is billed, but not necessarily paid.

Human Resources

Dennis reported that we have three men injured and one may be dealt with at Steve's office. One will be back in two or three weeks but the other two will take significant time and we may have to deal with filling positions. At some point in the near future our

payroll person has put in her paperwork for retirement at the end of March. We may want to start the interviewing process after the first of the year. Hopefully it will be someone who has experience in public payroll with PERS deductions, setting up pensions and those aspects.

Tom Merighi asked how many years Hilde worked and Dennis replied 25 years and she just got her service award.

Public Relations:

Dennis stated that we spoke about the tours and the lecture.

Insurance Committee:

Carol Ricci reported that she is still waiting for the new rates for the Worker's Comp renewal and they may possibly be ready for the first meeting in December but more likely the second meeting in December. Life, AD & D and LTD quotes are slowly coming in. Our current carrier, Principal, has given us numbers which amount to about a 10% increase or just about \$168.00 a month which is not bad considering we had two life insurance claims in the last three years.

Allocations/Administration:

Dennis stated that we had a couple of inquiries for industrial users which substantial flow.

Old Business: None

New Business: None

Adjournment:

At 6:18 p.m. there being no further business to come before the Board, it was moved by Errickson and seconded by Villar that the meeting be adjourned. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

THE LANDIS SEWERAGE AUTHORITY

G. STEVEN ERRICKSON, Secretary