

THE LANDIS SEWERAGE AUTHORITY
REGULAR MEETING
November 19, 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.

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
Nicole Curio	Solicitor
Carol A. Ricci	Executive Secretary
Thomas J. Post	Business Manager

It was moved by Silva and seconded by Lewis that the reading of the minutes of the regular meeting held on November 5, 2012 be dispensed with and the same be approved in the form submitted to all members by mail. Roll call: Lewis, Merighi, Silva and Gana voted "yes," Errickson abstained.

It was moved by Silva and seconded by Errickson that the public hearing on the 2013 budget commence. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted "yes."

Dennis Palmer, the Hearing Officer for the public hearing advised that the public hearing on the 2013 budget was advertised and published October 23, 2012. He advised that proper notice was given in accordance with our bonding requirements and covenants. Dennis Palmer advised that the preliminary budget was approved on October 15, 2012 and submitted to the New Jersey Department of Community Affairs. The Hearing Officer advised that the 2013 budget does not have any increase to our users over the 2012 budget. It remains the same at \$9,570,000. The 2013 and 2012 budgets while the same, are approximately \$80,000 less than the 2011 budget. The Authority's last rate increase

occurred on August 1, 2011 and there were no rate increases in 2012 nor is there one anticipated for 2013.

A significant effort was put forth in 2011 and 2012 with respect to following-up on payments from those customers that were in arrears. The Authority also made significant steps in energy savings in its facilities and reduced its expenditures for utilities. The Authority has also experienced over the last several years a reduction in staff due to retirement or death and has either not filled positions or has consolidated positions to reduce expenses for personnel and health benefits. 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.

It was moved by Errickson and seconded by Silva that the public hearing on the 2013 budget be closed. 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; there were none.

RESOLUTIONS

It was moved by Errickson and seconded by Silva that Resolution No. 2012-177, “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.....\$77,745.61”, be adopted. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted “yes.”

It was moved by Silva and seconded by Errickson that Resolution No. 2012-178, “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.... \$244,424.16”, be adopted. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted “yes.”

It was moved by Silva and seconded by Errickson that Resolution No. 2012-179, “A resolution of the Landis Sewerage Authority consenting to the proposed water quality management (WQM) plan amendment entitled: *Cumberland County Future Wastewater*

Service Area...” be adopted. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted “yes.”

Prior to passing this resolution a discussion regarding this renewal with Carol Ricci indicated that we received two quotes for the life, accidental death and dismemberment and long-term disability policies. The first quote was from Assurant Employee Benefits, our current carrier and a second quote was submitted by Principal Life Insurance. Both policies offered a reduced premium if we offered a voluntary life insurance program to our employees. Carol indicated that in the past we have presented this to our staff and we were not successful because in a tight economy, people are not willing to part with more of their take home pay. Assurant had problems within their own system as far as their disability program operates and that was the cause of the drastic rate increase and we did have a single claim on our life policy with them this year.

Principal’s premium is significantly lower than Assurant’s even without offering the voluntary life coverage and it is a three year contract with no increase. Principal is also an “A” rated company.

It was moved by Silva and seconded by Errickson that resolution no. 2012-180, “A resolution of the Landis Sewerage Authority authorizing the award of a non-fair and open contract with Principal Life Insurance to provide life, accidental death and dismemberment and long-term disability insurance at a cost \$18,406.00 annually...” be adopted. Roll call: Lewis, Merighi, Silva, Errickson and Gana voted “yes.”

REPORTS

Executive Director

Dennis stated that we took action on the County plan. In our own planning area, a developer has filed paperwork with the State to add a couple of parcels of property off of Burns Avenue into the plan. The DEP has asked us what are concerns are? It is next to an existing commercial area, it is zoned commercial. We have no problem with it and they are proceeding with their plan in that area. This will be before the Board sometime in the near future.

All Commissioners have received the annual engineer’s report that will be signed, sealed and will go to our Trustee, The Bank of New York. This is a report card of the capitol items we have completed coming into this year and capital items into the future that need to be addressed.

Dennis reported that there was a significant settlement on Palermo Avenue. This project has been completed for 8 - 10 years. We know that water got into our trench and even if you meet the standard of care, the trench can settle a foot and still meet the specs. In this case, we waited an entire year before we paved so there were some areas of settlement and they were paved over. There was a water line that crossed over the trench which caused a leak and caused settlement as we shared the cost 50/50 with the City.

This case is different in that their 8 inch water line sheared and it is 5 or so feet outside of our trench area. It was not directly related to our construction. The water did find its way into our trench and settled a substantial length of pipe in our trench. Bob had emergency repairs done and there will be a future resolution authorizing the emergency repairs in the area of \$23,000 to dig up the area, get the trench settled, put back material, fabric and crushed concrete. Dennis stated that he had a meeting with the City Engineer, Electric Utility, Water Utility and the Water Utility's engineer to discuss who should be responsible. Our trench has been sitting there for 8 years, the City's water line broke and the water entered the trench. They are trying to make it a 50/50 deal since that is the way we handled it before. They appear to be thinking that our trench should have been compacted better. We went back and forth and I made a decision that we would make it a 70/30 split. We have other projects such as Magic Sports with which we will be making contributions to with the City. We are more flexible than the City as it pertains to our Construction Fund and making payments. We need to get out there and do what is necessary to make it safe for the motoring public. Dennis also stated to the Electric Utility that this should not be paved too soon so that it could settle for 6 - 8 months and pave it in the warm weather after the school year is over and let the compaction take place with the school buses and traffic. This is outside of our trench area and should not be a 50/50 split but a 70/30 split and us paying 30% of the cost is resolved. Bob Schwarz stated that we have another quote for \$4500 to complete the remaining trench that settled that needs to be dug up a repaired. We even had our contractor dig up the water main for the City so that it could be repaired. It was discussed that the City should complete the final paving when school is out and the Authority would not have any other responsibility. Another concern is that there could be another settlement after this area and we will have to discuss this since it is vulnerable to a future problem.

Chairman Gana stated that the City should be amenable to the 70/30 agreement and it was stated that they should pay the bill for the final restoration when that occurs with their contractor. Dennis stated that this would be best served when they do the City wide paving since they have the contract and that would be the most inexpensive way to complete this. It would be better than our contract with the County. Dennis also mentioned that you usually have 95% compaction since 100% compaction just does not happen. Even with a 10 - ton roller it just doesn't happen. Our standard practice and care is that we wait a whole year before we pave, especially when you have deep lines like this.

Commissioner Errickson commented that as a word of caution, whenever we enter these situations in helping the City, there should always be language in any agreement that whatever we do on a cost basis as this should not set a precedent. Steve Errickson was concerned that they would bring up a past 50/50 issue which was a completely different situation and was decided on the merits of that issue. It really has no basis regarding Palermo Avenue and the 70/30 agreement is a favor to the City. Steve also stated that he was all for helping the City but this is a different situation. For the City to say that 95% compaction is not good enough, we know that this is just not true. Steve also stated that clearly this is the fault of the City. He also asked how long the water was leaking and Dennis stated that it was unknown. Bob stated that it could have been a week or longer. The City also thinks that they have other problems on that line also. Steve Errickson wanted to know how they were going to fix their problem? Dennis stated that they want to replace the whole project at a cost of \$800,000. They may have gotten bad pipe or the pipe could have been dropped. Steve said that this is the City's problem and we need language in the agreement that they are going to fix it and be responsible in the future and we cannot keep helping out if they are not willing to fix their own problems. Dennis stated that we would generate the letter first and that the comments from the Board of Commissioners were that our trench met the standard of the specifications and care, that you are on record knowing that you had a bad piece and another bad piece in the future and this in no way sets a precedent for future repairs and we expect the City to maintain its system. Steve Errickson restated that the City is at fault making the comparison that if he was homeowner and a tree fell in his neighbor's yard that he would bear the responsibility, not 70/30. They damaged us and they are responsible. Chairman Gana stated that it was nice to offer the 70/30 but in the future, we are not going to participate if they have other problems.

Jose Silva stated that let's assume we pay the money and contribute to this project, can we get a legal opinion indicating that if we pay this money are we somehow admitting fault by making the payment? We should at least get our attorneys involved.

Dennis stated that if our line sheared, it would have mud, stone and sand running down the manhole. Our manholes are clean. Then you dig and you see running water and that means it's not us, it is a water line. Our contractor excavated for their water main repair. The original hole was 17 x 25 and it grew to 88 x 25 and eventually to 125 x 17 and now it has grown a little further and it ended up totaling \$27,000 before everything is said and done to fix a problem that the City originally had in the first place. Steve Errickson stated that he was concerned that as this problem continues to grow we are going to be on the hook.

Dennis stated that we also put our insurer on notice should there be any issue of liability down the road. Steve stated that the only way this is justifiable to pay the 30% is that we are getting some benefit from this with DGA. We are going to get a better product from this but we need protection that we are not on the hook as a precedent and that we will

not be involved in any future action by damage the City is causing and that we are free and clear in the future. Chairman Gana stated that if we notify them by correspondence, we are on record for this issue and the record will stand on its own merit and we also need a legal opinion. Nicole Curio, solicitor, will prepare a legal opinion for Dennis.

Dennis reported that in the Commissioner's packages there was a list of future paving projects around the City for the next 6 to 9 months.

Steve Lewis asked that since we used our contractor on Palermo Avenue for the excavation, does that make us liable? Jose Silva stated that that would be an issue for our attorneys to deal with. Bob stated that we used our contractor to make the road safe for the public since we did not realize it was a water main break until we were halfway into it having torn up a considerable amount of road so we had to make it safe for the motoring public to eliminate the Authority's liability exposures. Dennis stated that there was school the next day and also rain. The Commissioners were in agreement that this was the proper thing to do in this situation.

Field Engineer

Bob stated that there was a four page detailed memo that was given to the Commissioners and a copy of the memo will be given to Nicole Curio.

Robert Schwarz reported that work continues on the infrastructure improvements of the new Shop Rite on West Landis Avenue. Construction of the wet well and pump station at this project should begin soon.

Blom Brothers' application to connect sewer has been completed. They will connect to manhole at Delsea and Landis. They will own their own pumping station and force main.

In reference to Palermo Avenue, LSA was contacted by The City of Vineland Road Department about a sink hole near the school. LSA obtained a contractor on an emergency basis to repair asphalt. The problem became significantly more severe. We found out that the City water line had a crack and caused the problem. LSA took the lead because of the school and safety concerns and the liability to the Authority. We are working with the City to resolve this matter.

Bob reported that he will be attending the Zoning Board special meeting which has been moved to December 6, 2012 regarding the Magic Sports project.

Work is to begin on the Brewster Road improvement project next week on Brewster between Chestnut and Lincoln to install 1300 feet of drainage pipe. LSA has the force main on the project.

Work at 301 W. Chestnut Avenue continues to be identified, however the contractor must repair the cracked pipe and other issues.

Bob also stated that there was a sewer problem at Oak Valley Apartments. They have a broken sewer line which was identified after we cleaned the line from the easement. We will invoice them for our time to clean the line.

Solicitor

Nicole Curio, solicitor reported that she had only one item regarding the Menantico Estates project, Steve Fabietti and Dennis have been working with Mr. Washburn, the attorney for Menantico. Mr. Washburn did call Steve back on Friday and he did not say what his position was, he just left a message. Steve called him back this morning but had to leave a message. As soon as they make contact, he will follow up with Dennis. Dennis reported that this is the situation where Menantico wanted to transfer capacity as a side deal to a developer. Returned capacity comes back to the Authority as we are the gatekeeper for capacity. We would then re-allocate to someone in the future.

Chairman

Chairman Gana reported that there was an article in the "Grapevine" with a picture of Dennis Palmer with WEF president Cordell Samuels receiving an award from the Water Environment's Federation for innovative ideas. The article was presented to all of the Commissioners of the Landis Sewerage and Dennis Palmer was commended by the Board for his award and originality. Steve Errickson stated that Dennis and his staff always have us out on the cutting edge. Steve also stated that everyone that knows he is a member of the LSA Board comments on what a great staff and board we have.

Issues and Correspondence:

Dennis reported that in speaking with the Chairman, this would be the time that we discuss the prepared draft with the respect to the \$50,000 request. Dennis asked if the Commissioners had any other additions or comments to the draft since Steve was not at the last meeting when we discussed this matter. Dennis stated that he and Chairman Gana discussed that it should be brought up again at the Board meeting. Tom Merighi mentioned that he was concerned about the issue of double taxation issue and he was concerned with the wording. Chairman Gana stated that it is double taxation since the Landis Sewerage Authority facilities are being taxed one time and if the City puts an encumbrance on people, it is unjustified. It is only 50% of the people in the City that use the Authority's facilities, the water utility is about 75%. Steve Errickson stated that it has always been his thought that each Authority should stand on its own merits. Our job is to run the LSA and Chairman Gana stated that he did not think that the Council, Mayor nor

the City should be involved in our decision making. We are an independent body. Dennis stated that the benefit of being an Authority is that we have very complex engineering, environmental issues that we have to deal with such as hurricanes, construction and we have a very specific focus. We have the ability to act faster in these situations and with more competency in these situations. We are not concerned with trash pickup, police, fire; our focus is very finite at hopefully the best cost. Dennis stated that the letter would be mailed tomorrow.

COMMITTEE REPORTS

Engineering/Plant

Our engineer and our hydrogeologist were on site in the last two weeks to acquire some additional information. Our engineer has completed most of his calculations and work to re-rate the plant to a higher capacity. There are two pieces to that process: Can our treatment unit processes handle more flow and meet DEP design criteria while providing a high-quality effluent for the permit and do we have enough land to take all of the additional water that we would generate approximately 2,000,000 gallons and enough land to take on the extra sludge we would have? That project is moving forward.

Budget/Finance

Thomas Merighi, Treasurer reported that income is approximately \$198,571.00 or 2.49% over budget. Expenses are approximately \$473,558.00 or 5.94% under budget. Accounts receivables increased approximately \$311,997.00. The Authority continues to be affected by the economy and is keeping a close watch on its budget. Tom Post, Business Manager stated that we are still waiting for the State to approve our budget and final adoption will be December 17th.

Human Resources

No Report

Public Relations

Dennis stated that the only item was the article the Chairman brought to the meeting regarding the WEF environmental award. We also had a tour from Rowan University, they came in with a science class approximately two weeks ago.

Insurance Committee

Carol Ricci reported that she is currently working on the renewal of our Worker's Compensation coverage with New Jersey Manufacturer's Insurance and she will not have the numbers until the first week in December. This contract is due for renewal on January 1, 2013. She also stated that last year sewer plants were re-rated and we received quite a price increase. This year we are not expecting anything quite like that. Worker's comp insurance premiums are based on loss ratios and payroll.

Allocations/Administration

Dennis stated there was some action with commercial and nothing residential.

Old Business

Dennis talked about the JIF situation since Hurricane Sandy. Last year we were refused renewal on our Worker's Comp with Statewide Insurance unless we purchased all of their lines. This was probably a benefit to us since JIF is composed of 60 other municipalities. Dennis stated that in a conversation with Carol, there were so many other agencies that are in JIFs and they do not have a huge excess liability purse. This particular JIF only had \$100,000,000. The impact of "Sandy" and its broad destruction and so many public bodies who have to remove sand, damage and make repairs, it could question the liquidity of some of these JIF's and those public agencies that are in them. It's first come, first serve in this excess liability policy, is there going to be enough money to go around and if you are in the fund and there is a large shortfall, you have a huge bill to take care of yourself. FEMA will step in for some of these things but even 75% of a really big number is still a lot to pay. Dennis reiterated that he was happy that we were not in a JIF. No one ever thought anything as big as this would hit. Tom Merighi asked if there are other authorities in JIF. Dennis said that there are certain JIFs that have many utilities as members. They may not be able to brag about their rates any longer. We are very happy that we did not participate. Carol Ricci stated that after the "derecho" storm in June, Bridgeton had probably made a significant difference in the fund since their excess liability policy is \$100,000,000 for all of the municipalities in this particular JIF. Once that is gone, it's gone if you didn't get right in and make your claims. Steve Errickson asked if it would affect overall rates in the insurance industry. Since we are in Vineland, that helps but utility rates will probably go up in affected areas. Dennis stated that there was a loss of 5,000 telephone poles. Vineland had a hard time getting enough poles after the derecho. Other municipalities will have a hard time getting that many poles especially with labor and installation.

Carol Ricci stated that after talking to our agents, the JIF's will have to raise their rates significantly just to cover the claims that are coming in.

New Business

No Report

Adjournment:

At 6:46 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

JOSE SILVA, JR., SECRETARY