

THE LANDIS SEWERAGE AUTHORITY
REGULAR MEETING
November 18, 2013

Pledge of Allegiance.

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

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
	Thomas J. Post	Business Manager
	Jennifer M. Ketcham	Allocation Coordinator
	Stephen A. Lewis	1322 Brandywine Drive

It was moved by Gana and seconded by Silva that the reading of the minutes of the regular meeting held on November 4, 2013 be dispensed with and the same be approved in the form submitted to all members by mail. Roll call: Villar, Merighi, Gana, Silva and Errickson voted "yes".

It was moved by Gana and seconded by Silva that the reading of the minutes of the closed meeting held on November 4, 2013 be dispensed with and the same be approved in the form submitted to all members by mail. Roll call: Villar, Merighi, Gana, Silva and Errickson voted "yes".

A Service Award was to be presented however recipient was not in attendance so it will be moved to the December 2, 2013 meeting.

Public Hearing - Budget for fiscal year January 1, 2014 through December 31, 2014

Dennis Palmer stated tonight I'd like to open with our Public Hearing on the Authority's budget duly noted in the newspaper's was sent out as well and it is the idea to allow the public if they want to have any comments to come here to listen to the testimony as well as listen to or raise questions on the Authority's budget. The Authority's budget was introduced previously by the Board of Commissions and it has also been sent to DCA

(Department of Community Affairs). It is a two (2) step program where they look at it then it comes back and then goes through a second process where we adopt it. The Authority's budget reflects an increase of only \$26,000.00 or .27% over the pre-amended budget of last year. This year it is \$9,596,000.00 and last year it was \$9,570,000.00. The Authority continues to do its due diligence with keeping cost under control and I think it is something that is well less than even a 1/3 of a percentage point that is something that reflects well upon the Authority's staff.

Our user charges are expected to have an increase of about \$181,000.00 and part of that is reflected to the rate increases last year actually that might have been from the previous year but we did have a rate increase this year in response to the City's request for funding. It was \$20.00 per home and that continues the process. We have done several things going through the process, delinquent charges which I was going to talk about later about how well we did at the Tax Sale, Jennifer spent a lot of time there as well. The Authority continues to do a conservative estimate on income and also being conservative on our expenses as well.

Salary and wages we have a rate increase in the budget but we continue the Union negotiations which then usually a percentage applies to non-union staff as well. The only thing that we have the difficulty controlling cost, but this year we are very pleased, are health benefits and the employee benefits went up \$80,000.00 which sounds like a lot but it was only 3.9% which is really a good number compared to where health benefits have increased over the years. We always look at ways where we can deal with other cost as well.

The budget for O & M Expenses is a slight decrease from last year to this year. Chemical line item is something that we look at and is something that we talked about a little bit before the meeting. It is 7% lower implementing some usage devices that control the amount especially dealing with the chlorine that we add for odor control. We are using less water which then makes the tablets last longer.

Farm Supplies are a little bit high in part because the equipment is getting older and farm equipment is out in sand and grit and everything else with the farm so that has seen a slight increase in that budget amount which is up \$35,000.00 from previous year.

Other highlights are that we did increase the capital budget and that is for items as the facility moves forward equipment gets old and parts need to be repaired.

The debt service continues to be at \$1.3 million and then the extra 110% is for our debt service coverage that is in the budget as well.

Those are some of the key items that are in the budget for this year. Tom is there anything that you want to add on the budget?

Thomas Post stated no but he just wanted to thank everyone that helped him. It has kept the budget straight, some items have gone up and down but my goal is to keep the budget steady each year as best as possible.

Dennis Palmer added unlike others we don't think we need to raise rates every year because some people think you should raise rates a little bit each year we think you should only raise costs when necessary. Frankly it comes out of the audit if it dictates that you should have increased cost you increase your rates because you are not either making your bond covenants or your coverage's and then we have a responsibility, a fiduciary responsibility, to both our rate payers and our bond holders for keeping rates at a reasonable amount and only raise them when necessary.

Dennis Palmer stated that was the end of his testimony and asked if anyone wanted to make a comment on or raise questions on the Authority's budget. Seeing none he recommend to the Board that we close the hearing on the budget.

It was moved by Gana and seconded by Silva to close the Public Hearing for the Authority's budget and be adopted. Roll call: Villar, Merighi, Gana, Silva and Errickson voted "yes".

Chairman Errickson complimented Dennis Palmer. Dennis Palmer stated that the Finance Committee chipped in and felt that it was a good time to feel and talk about a lot of things and get an understanding as we go through the Authority's financial preparation and adoption for the budget. Chairman Errickson stated great job to everyone – thank you.

The Chairman asked if there were any general public comments or comments on the proposed Resolutions. Mr. Stephen A. Lewis of 1322 Brandywine Drive stated that he was attending tonight to show his support with everything that the Authority is doing to stop the City from taking over the Authority. He has spoken to City Council Members a few times about this and as far as he is concerned all it amounts to is that the City just wants to get money. If they can do what they want to do eventually the Sewerage Authority will not have any money when it comes time to make repairs and then you will end up having to borrow money. There is not a lot of information coming out any more so I decided to come and see what was going on. Mr. Lewis stated if there was anything he could do or say to let him know and he would help out. Mr. Lewis stated that he was not here prior because he was away on vacation and came in from Germany to come out tonight. The City is crazy and if they need more money they need to do different things with their budget or collect more on taxes somehow. To rob Peter to pay Paul is not going to work. The City continues to take money from the Electric Company and every time the Electric Company wants to do something they have to borrow money so if they never took the money from the Electric Company they could have paid cash for everything they are doing and we wouldn't be paying interest on any money. I hope we can make it so that the Landis Sewerage Authority stays free of the City and I think the rate payers would be better off for it. Thank you for your time.

Resolutions:

It was moved by Gana and seconded by Silva that Resolution No. 2013-175, “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.....\$75,733.43”, be adopted. Roll call: Villar, Merighi, Gana, Silva and Errickson voted “yes”.

It was moved by Gana and seconded by Silva that Resolution No. 2013-176, “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...\$291,678.30”, be adopted. Roll call: Villar, Merighi, Gana, Silva and Errickson voted “yes”.

It was moved by Gana and seconded by Silva that Resolution No. 2013-177, “A Resolution of the Landis Sewerage Authority authorizing payment from the Construction Fund of certain costs of the system in the amount of \$1,512.01 to Technical Devices, Inc. for Cleaning Air Box Assembly, IQ SensorNet, 115 Vac, Shipping and Handling...” be adopted. Roll call: Villar, Merighi, Gana, Silva and Errickson voted “yes”.

Dennis Palmer stated that there are sensors and devices that hang in the treatment process and what this does it induces air and provides for cleaning and scrubbing of those sensors so they don’t fail and get dirty instead of guys having to lift them up, manually clean them and put them back in. It does it on a continuous basis so the data it generates is better quality then just going out and cleaning everyday, it gets dirty overtime and data tends to drift. This will keep the data better.

It was moved by Gana and seconded by Silva that Resolution No. 2013-178, “A Resolution of the Landis Sewerage Authority authorizing payment from the Construction Fund of certain costs of the system in the amount of \$12,998.71 to Hatch Mott MacDonald for Permitting and Easements for the Burns Avenue Sanitary Sewer Extension Project and Collection System Estimate for Future Bond...” be adopted. Roll call: Villar, Merighi, Gana, Silva and Errickson voted “yes”.

It was moved by Villar and seconded by Silva that Resolution No. 2013-179, “A Resolution authorizing the Executive Director to take the necessary steps to make the repairs to the existing transite pipe and sanitary sewer system in the area surrounding Magnolia Road and McMahon Drive.....”be adopted. Roll call: Villar, Merighi, Gana, Silva and Errickson voted “yes”.

Reports:

Executive Director

Dennis Palmer reported that he had a very interesting opportunity last week in which he was invited to come to the CEO Group and invitation was to have both the Mayor and I

come as the two (2) Executives of respected organizations to discuss/debate the merits, consequences and other aspects of the City seeking to merge the Authority. Unfortunately the Mayor did not attend and I had a full ½ hour to myself so we talked about a lot of issues. There was very good give and take and a lot of discussion on different items. One (1) was on the theory I had that there is a book out there called the Tipping Point by Malcolm Gladwell that deals with a lot of time substantial negative change arrives from a lot of small incremental issues that combined bring you to a tipping point. That is one of the issue that I brought up as we sat in meetings with the Mayor and the Administration when they wanted additional funding and we started the whole process. Be wareful of the unattended consequences and that if you keep raising all these different things and my concerns. It was interesting that we had the Chief Executive of Progresso Facility and John from Mamacita's and other business owners who have also advanced themselves through management training and other things nodding their head and realizing exactly the issue of the tipping point. Our concern is at what point, as you raise rates and you raise cost and all these different things mound up, that an industry hits a tipping point and Delaware or South Carolina looks better. I also explained that the Authority has weathered the storm of losing its two (2) largest customers over time and our sixth (6th) largest customer (Manschwetz) and we are stuck with filling the hole of still having ongoing expenses and not having the income and the things we had to do with trimming expenses and being aggressive in those things. When it was done we got a very warm reception from the group and very understanding reception from the group so hopefully that will pay off.

In your packet and it is more for your perusal is a report from our Engineer dealing with items that have been identified at approximated or estimated cost as we go forward in a few years to get a bond. Looking at the treatment plan report, I feel that it needs a little fine tuning and it is not ready to be presented but you did get it to take a look at and substantial cost there but it is not outside of the universe of what I was thinking of as far as cost going.

The cave in, the last resolution we did tonight, when you have things that we do emergency repairs you have the ability to come back post repairs and take action that authorizes or codifies the fact that we immediately jumped on it and had expenses for the emergency repairs and we also have plans to do more long term repairs out there also. So that just memorializes the authorization to react to an item that affects the safety, health and welfare of the community. We have a follow-up meeting tomorrow.

The Lien Sale which I mentioned somewhat in my report during the budget and there were 405 sewer accounts sold on October 10, 2013, Jennifer had to help count all of them along with Betty Jo, which totaled \$161,820.44 and that is 109 more accounts than last year and \$30,438.00 more in revenue. That was a nice quick income at the end of October which helps the P & L that Tom will talk about later.

Last week I attended the water Resources association for their fall specialty conference on issues with the Delaware River and I was the moderator in the afternoon and also was a ½ speaker /presenter to that as well.

I have had several meeting with Steve's office with respect to the Union and Union contract. We had our first negotiating meeting with the Union and the second one will be coming up next week

Field Engineer

Bob Schwarz reported that a pre-construction meeting for the Burns Avenue Sanitary Sewer Extension Project was held at the LSA office this afternoon with all affected utilities and agencies involved. Construction is anticipated to start in several weeks or as late as after the 1st of the year. Authority staff is working on a cost effective solution to modify the existing sewer system to make improvements in the Magnolia Road and McMahon Drive area. The City of Vineland contractor is installing a water main on Lincoln Avenue between Rieck Avenue and Lincoln Avenue.

Solicitor:

As the Field Engineer mentioned with regard to Burns Avenue and the extension project we have completed the recording of Mr. Vertolli's easement. I have provided Bob a copy of that tonight so that will allow the area to be staged for construction and the easement going forward. In your packet I believe that you saw some correspondence from Dennis with regards to an employee matter we have been working on and has been ongoing for a few months now. It is not ready for discussion in the public meeting but that is ongoing and probably will continue to be so at least over the next few weeks. As Dennis mentioned, the collective bargaining agreement negotiations are also being worked on.

Chairman

Mr. Chairman thanked Stephen Lewis for coming and speaking to the group and adding your support to us. We are in peril here and it is a tough situation and I think you are right and it goes beyond the philosophical difference as to what should be done and it goes beyond that and it is a money grab clearly. They have proved that over and over. During WWII while Germany was at war with the world, the United States was standing out on the edge trying not to get involved and waiting. We invited the Ambassador of Japan to our country for a summit meeting and on that same day is when Hawaii was attacked, Pearl Harbor, sneak attack and that is what keeps happening to us. We keep having meetings, and discussions and try to exchange information and try to talk about shared service and doing the right thing. Even though we have a difference of opinion you would think that gentleman would discuss that openly and have an honest debate over the issue and try and figure out what the best is. I think our thinking is the best and correct to keep the Landis Sewerage Authority separate and keep it as an independent authority but I have been wrong before but I am always willing to listen to other people's ideas and I was hoping that the City would do the same thing but they have proven over

and over that they are not willing to listen, talk or have honest dialog. We were promised a meeting, an open public meeting where this would be discussed and where it would be out in the open and anyone could attend and comment and would be there for everyone to see and let people make up their own mind as to which is the right way to go. I am sick and tired of being Pearl Harbored so we are going to have to take some action. It is getting towards the end of the year and I have had about enough of this. This is really getting ridiculous and it is unprofessional on the City's part it is even the worst kind of politics I have ever seen. That is my comment and I'll take my chances to get it on the record that I am getting fed up with the whole thing. We need to start taking some action.

Issues and Correspondence:

Dennis reported that this is the same discussion that I reported on at the CEO Group and I believe from what I have read in the paper and otherwise that Council is taking a more studious, calm open minded not a rush to judgment review of the whole matter. Where the Administration is absolutely initiating a rush to judgment without that proper due diligence and discussion and the fact of the matter that the rules keep changing and what happened today. The City issued a press release with a review of our white paper and the white paper was written as a working piece to advise the City what we saw as cost increases. In many cases they tried to fluff them off and it was eye opening that when we grant someone a call in time of 3 hours they get paid 3 hours of time and ½, the City says 5 hours and they get paid 5 hours of straight time. That is still more then 4 ½ hours which is what we have. They totally down played the issue of giving \$5,000.00 more in sick time sell back and if someone is paid at salary and get more vacation, holidays and more personal time there is not an extra cost because the salary is the same but meanwhile you still have 150 or so manned days, 1,000 plus man hours of work not getting done because people are not here and those are cost and expedient factor. We are run 24 hours and then there is overtime to cover when people are out and shift work to cover. So there are cost without questions and talking to the Chairman today while they did their press release I did one as well which is in your packet and the Chairman, in our discuss said not to hold back. So you can see that there are some very strong quotes and I have some very strong quotes. The paper is writing their story tomorrow and it will be in Wednesday's paper and I believe they are reaching out to Counsel and other folks that are in the community and we will see how that goes. I think the Administration has rushed their judgment in this and may other matters and shows a lack of foresight and proper planning and just good public policy. You can read the items that are in your packet as well.

Committee Reports:

Engineering/Plant

Dennis reported Burns Avenue as of two (2) weeks ago looked as if things were troubled in that our Engineer applied to Conrail with a larger pipe design. Conrail sent an email stating that construction cannot be started and the earlier permit is revoked. Our Engineer made calls on Friday and today we received the new permit, which I signed and

now lets the contractor get on to the site. When you don't have that there is always fear of a delayed claims by the Contractor, he can't work because you didn't have the permit and you need to pay because you delayed me.

Dennis also reported that the 1st week in August Bob and himself spent a lot of time pulling information together to supply to Triad Associates, the City's Consultant, looks like we helped the City save that contract and save the contract to put the sewer and the water lines out at the Burns Avenue Project and there are also other lines that service the water plant and future power plant. We received an email from Triad Associates saying that EDA had their meeting and approved the funding so it is at a 1/2 million or more that we helped save the City in bringing in those federal funds for that project.

Dennis reported that we continue to work on the Magnolia Road project and looking at the future funding.

Dennis reported that you received a copy which was also sent to our Bond Trustee, I have to do an annual Engineer's report and in there identifies projects accomplished, projects for the future funding for the project and other things that have to be done between the 1st and 3rd week of November. That has been accomplished you have a copy and it has been sent to the Bond Trustee as well.

Budget/Finance

Dennis reported Tom and I more than a month and a half ago agreed to, remember the \$434,000.00 would be made in payments, sent the Mayor a voucher for the first \$100,000.00 he signed it sent it back we sent the 1st check for \$100,000.00. Probably six weeks or more we sent him the second voucher. I did follow up with Mr. Lutz and said that somewhere over there there is a voucher for another \$100,000.00 for our payment. The P & L looks good but \$434,000.00 still has to come out of there

Tom Merighi also reported that the income has increased approximately \$251,902.00 or 3.73% over budget. Expenses are approximately \$161,051.00 or 2.02% under budget. Accounts receivables decreased approximately \$193,068.00 which Dennis spoke about earlier. The Authority continues to be affected by the economy and is keeping close watch on its budget.

Human Resources

Dennis reported there is a matter that Steve and I are working on with an employee and then also the collective bargaining unit agreement

Public Relations

Dennis stated other than doing nice things and working with students we had 46 students come in from Rowan Civil Engineering students but we are also getting small tours, 2

people from Burlington County College, a young man from Widner University and it is enjoyable spending time with future Engineers.

I had spoken to the CEO Group about 10 years about the environmental issues and to go back and talk with the people that have large investments in the community in both man power and resources and property. It was a nice opportunity to go back and have a dialog with them on the LSA and the relationship with the City and our customers.

Insurance Committee: No Report

Allocations/Administration: There is one request to move allocation on a business which we are evaluating now.

Old Business: None

New Business: Mr. Merighi wanted to note two (2) things – the break in at the YMCA last weekend and to make sure that we have a good plan in place for our employees, especially female employees leaving in the dark. The perpetrator was a member of the cleaning service of the YMCA. They had the keys and knew where all the cameras were but what is most concerning is they stole TVs and tools and tied up a maintenance man that was in the facility late at night. When it is worth that risk for tools and flat screen TVs that you can buy for 250.00 at Walmart that is a pretty scary thing. Please review security measures and how people leave late at night.

The other thing was we talked a lot about the CEO Group tonight and I did get the opportunity to speak with Ron Rossi after the meeting and he was very complimentary on Dennis's presentation and it was good to hear that he enjoyed it. He did mention that they were going to send letters to the individual members of City Counsel as opposed to one large general letter to the chairman. I thought that was a great idea to hit them individually. They offered full support to any future meetings of City Counsel

Adjournment:

At 6:36 p.m. there being no further business to come before the Board, it was moved by Gana and seconded by Silva that the meeting be adjourned. Roll call: Villar, Merighi, Gana, Silva and Errickson voted "yes".

THE LANDIS SEWERAGE AUTHORITY

FRANCIS A. GANA, Secretary