

THE LANDIS SEWERAGE AUTHORITY
REGULAR MEETING
February 2, 2015

Pledge of Allegiance.

The regular meeting of the Landis Sewerage Authority was called to order by Vice-Chairman Errickson at 6:00 p.m.

The following members were present at roll call: Barse, Reuben, Errickson, Villar and Merighi.

Acting Chairman A. Steven Fabietti stated that public notice of this meeting, pursuant to the Open Public Meeting Act, has been given in the following manner:

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

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.

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| Also present: | Dennis W. Palmer | Executive Director/Chief Engineer |
| | Robert A. Schwarz | Field Engineer |
| | A. Steven Fabietti | Solicitor |
| | Carol A. Ricci | Executive Secretary |
| | Steven Lewis | Public |

The Solicitor, as acting Chairman asked for a motion to open the nominations for the election of a slate of officers for the next ensuing year as follows:

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|--------------------------|------------------------|
| Chairman..... | Thomas J. Merighi, Jr. |
| Vice-Chairman..... | Carlos Villar |
| Secretary..... | G. Steven Errickson |
| Treasurer..... | Joseph J. Reuben |
| Assistant Secretary..... | Perry D. Barse |
| Assistant Treasurer..... | Perry D. Barse |

It was moved by Errickson and seconded by Barse that the above slate of officers be nominated: Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

The Solicitor asked if there are other nominations. There being no further nominations, the Solicitor announced that he would entertain a motion that the nominations be closed.

It was moved by Errickson and seconded by Barse that the nominations be closed and the slate of officers be elected. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

At this point in the meeting acting Chairman Fabietti turned the meeting over to Chairman Thomas J, Merighi, Jr.

It was moved by Errickson and seconded by Reuben that the reading of the minutes of the regular meeting held on January 20, 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".

The Chairman asked if there were any general public comments or comments on the proposed resolutions. There is a guest in the audience and would you please state your name and address for the record.

My name is Steven Lewis and I reside at 1322 Brandywine Drive, Vineland, NJ. I am here tonight because of the articles in the paper the past week or so. I made copies of them for everyone. One article is written by Mr. Errickson and the other is written by Mr. Rocino, a labor management guy.

Mr. Lewis stated that he had concerns about these articles for a lot of reasons. I would sure hate to see LSA sold to a private concern because this is something that could happen because of this bill as I understand it.

Dennis stated that the bill is more focused on municipal systems than Authorities but the potential is there.

Mr. Lewis stated that a private company could buy it and the tax payers are going to pay for repairs and updating and that should be done by the private company. If they are going to be in business, they should take care of what it costs to repair things. It shouldn't be up to the public to have to pay taxes to pay for things that have to be done for a company that is privately owned. Mr. Lewis also stated that a lot of the piping systems are in bad shape and they need to be upgraded. I think that maybe ours should be checked, our water, our sewer systems and try to stay a step ahead and use a little preventive medicine and do things before they happen. If we know how old a system is why don't we just start putting money aside so we don't have to borrow it all of the time. It would save us a lot of time and money and maybe we can get together with the water, gas and electric company and do a certain section of the town at one time. If it's dug up for one thing, maybe it's time to fix everything that's under the road and it would save money on labor. All of these things are good and they both have good points but it concerns me when I am going to pay my tax dollars for a private company to fix something that they shouldn't really be doing. That is another reason I was always against LSA giving the City money. It's bad enough the electric company gives them \$5,000,000 a year I would venture to say that everyone in Vineland has Vineland Electric. Not everybody in Vineland has LSA sewer. Not everyone in Vineland has water

so the ratepayers are actually paying extra money to the City that the money could be used to keep upgrades to our systems and it could prevent us from having to take loans out to fix these things. Over the years all of the money the electric company gave to the City, if they kept that money, when Mr. Isabella was doing these upgrades, he wouldn't have had to borrow so much because they would have had money or they could have lowered their rates. These are my concerns and I wanted to make a statement and thank you for your time.

Dennis Palmer stated that we will know by Wednesday or Thursday if the bill was passed and the Governor has 45 days to sign it. We've met with Governor's counsel and had a conference call with Governor's counsel and we will find out then. My guess would be it's going to get a conditional veto where the Governor says I agree with the bill but these various items need to be changed and then he will sign it.

Chairman Merighi asked if it passed the legislature and Dennis stated that it passed both houses 40 days ago or so.

Mr. Lewis stated that these legislators make all of these bills, but the citizens don't know anything about them. How can we really complain unless we know or maybe we are not educated enough to follow what the government is doing. When I found out about this I thought it was crazy and now here it is already passed and waiting to be signed.

Dennis stated that it was a very fast tracked bill. It passed both houses within a week and it was really interesting from a public policy prospective that the municipalities were against it, conference of mayors was for it. The State Chamber of Commerce was for it and the NJ business and industry was against it. Public utilities are against it and one of the few times the environmentalists are with us. One of the big things is the rate counsel is against it as well. It's a mixed bag and there is need for infrastructure and one of the issues we've talked about is the public rate payer will pay twice. You pay to build the system and if a private company takes it over you pay again to reimburse them for their purchase price plus a 5 to 7% process.

Tom Merighi asked is AEA come out against it. Dennis stated that we gave testimony at the hearing and met face to face Governor's counsel and we had a conference call last week. They are watching both sides of it too and it's very interesting from a public policy prospective of all these different groups would be aligned and some of them are opposed and the vote was not a straight D and R vote. It was mixed under yesses and mixed under nos. It depends on your town and you're educated on the issue. Yes there is a need, but the key point is it takes away a lot of public transparency and openness where if you sell the system you have to have a referendum, this bill you only have to have a public hearing on it. It takes the voter out of the issue.

Mr. Lewis stated that he bought a new house in Vineland about 10 years ago. Part of the cost of my house was for water lines, sewer lines. I paid for those things through the cost of my house so when do I or any other citizen get a break. We paid for these things and someone comes along and they hand them a business and we are going to pay for them to

make money and we're going to pay them to keep things updated. Where does the citizen get a break? I've paid for that already. That's part of the assessment on my house. I'm paying every year on property taxes. That's probably part of it.

Chairman Merighi stated that before he called on the Resolutions he would like to add a new section that before we vote on it that we are able to ask a question or if Dennis has comments on that we resolution that we do it before we vote instead in the Executive Director's report.

Resolutions:

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-16, "A Resolution of the Landis Sewerage Authority confirming the appointment of Chairman, Vice-Chairman, Secretary, Treasurer, Assistant Secretary and Assistant Treasurer..." be adopted. Any comments? Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-17, "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.....\$66,290.60", be adopted. Any comments? Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-18, "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....\$162,132.33", be adopted. Any comments? Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-19, "A Resolution of the Landis Sewerage Authority authorizing an alternate method contract for Auditing Services with Romano, Hearing, Testa & Knorr for the period of February 2, 2015 through February 1, 2016..." be adopted. Any comments? Dennis stated that they are on site and started today. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-20, "A Resolution of the Landis Sewerage Authority authorizing an alternate method contract for Solicitor and Legal Services with Gruccio, Pepper, DeSanto & Ruth for the period February 2, 2015 through February 1, 2016..." be adopted. Any comments? Roll call: Reuben, Errickson, Villar and Merighi voted "yes". Barse abstained.

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-21, "A Resolution of the Landis Sewerage Authority authorizing an Interlocal Services Agreement with Cumberland County Improvement Authority..." be adopted. Any

comments? Dennis stated this is for household hazardous waste. We help support an additional collection so it hopefully keeps people from pouring things down the drain that they shouldn't. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-22, "A Resolution of the Landis Sewerage Authority summarizing allocation activity through the close of Allocation Round 155..." be adopted. Any comments? Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-23, "A Resolution of the Landis Sewerage Authority allocating sewerage capacity for Round 155 for Commercial Classification..." be adopted. Any comments? Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

It was moved by Errickson and seconded by Reuben that Resolution No. 2015-24, "A Resolution of the Landis Sewerage Authority authorizing an alternate method contract for bond counsel services..." be adopted. Any comments? Dennis stated it is for McManimon and Scotland. This will starting kicking in more in the second quarter. Roll call: Barse, Reuben, Errickson, Villar and Merighi voted "yes".

Executive Director

Dennis Palmer stated that tonight we made several appointments for professionals so we can moved into the year prepared and have the good advice that we need to carry out our duties.

You received a copy in your package of a memo of those employees who had a low use of sick time. In turn, those who had excessive use get a warning memo requiring them to bring in a doctor's note for the next six months.

We had a progress meeting today on the receiving station. We are still bring in our own grease right now. We have three payments outstanding from the state and I will be working on one tomorrow so we can replenish funds. We have been meeting throughout the last few weeks and there will be another one on Wednesday and Thursday with haulers we are lining up to bring in material. Two haulers are very interested that we have been talking to. We will find out that neither one had an A901 clearance which is a background check by DEP and State Police to haul waste. They are taking it to recycling to spread it on farms but coming to the plant DEP doesn't consider it recycling even though we put it out as biosolids on our farm. They consider that disposable so they are not allowed to come here. One is in the midst of filing which is about 2-3 months in.

Dennis stated that he wanted to explore possibly with the insurance committee. There is a company, which I got a cold call e-mail which sells insurance to homeowners for their sewer laterals, water laterals. In that case we would be interested in the sewer laterals. It would be an insurance policy from where we have responsibility at the curb or if they

have a cleanout; it's from that location back to their house and probably into their basement. A lot of the older homes in town we get calls all the time and the homeowners have roots and other problems because it's the old Orangeburg pipe from the 50's and 60's and it was like an asphalt coated cardboard for lack of a better term. One of the advantages is that give the homeowners maybe peace of mind to have this service and also they would ask for our billing list. We would get a small payment for everyone who buys in as part of the administrative cost of providing the mailing list. The pay us so we'll have to look into if they need a BRC. Dennis stated he bought it for his water line. Some of the areas in his neighborhood don't have the best compaction since a couple of people had trouble with water lines because they are shallower. Its a few dollars a month so if there is any problem with my water line that repair will recover it. It's between \$5,000 to \$7,000 of cost that they would pick up. It's a value added to our customers and in the old borough section we have sewers that go back to 1905 and they are cast iron or terracotta pipes that go back to 1905 in some cases so I think it's of value and I would like to explore it further. We had a conversation with the sales rep last week about how many connections, the age and kind of the pipe do we have and we have various types. It's a value to us and certainly you can pass on to our customers. We have about 12,000 accounts and given the age of our system and the various pipes. For an added fee they people can have inside plumbing covered as well. Other Authorities are doing it around the State as well.

Field Engineer

Bob Schwarz reported that Marcacci Meats at Oak and Delsea has completed their work on the sewer system and testing of the force main is scheduled for tomorrow. The engineer of record must also witness the test.

Bob also stated that the Shop Rite pump station on West Landis Avenue has been having some issues that need attention and the Authority is working with the owner and manufacturing representative to remedy the problem.

We are advising the developer about correcting conditions on Pleasant Drive or go after the letter of credit to correct the conditions since the developer is non-responsive.

We are replacing a lateral at 729 E. Chestnut Avenue including traffic control and restoration.

Solicitor:

Steve Fabietti reported that he wanted to mention briefly but can offer no detail for the record that he has been working with Dennis on the contractor dispute which we expect to becoming to a head in the near future and we will report back in closed session.

Chairman:

Tom Merighi stated that he wanted to thank Steve Errickson for stepping up to cover Jose Silva during his absence and also, when he was chairman as well, just a few years ago was a tough time for the Authority and Steve really stepped up to the plate and did a great job as Chairman. Thank you for your help and I think that City Council did a great service to the ratepayers to reappoint Steven to the Authority so we are glad to have you for another five years. Steve Errickson stated that he appreciated the kind words.

Tom also asked Dennis to give the employees that were on the list with low sick the Board's thanks and we really appreciate that.

Issues and Correspondence: None

Committee Reports:

Engineering/Plant

Dennis Palmer stated it has been fairly quiet. Going into the second quarter and the future bond at the end of the year is to get our engineers in, tune up better estimates on construction costs and identify construction projects. We identified several when we worked on this about a year ago. A couple things have come up where the industrial parks is in the lineup. It was mentioned that we look at our infrastructure and there are areas we want to line with a liner so we don't have problems. The Sears pump station takes large portions of town and we want to do some upgrades there with both pumps and a larger force main so it can handle more flow. Those are just a couple of examples. There are infrastructure needs in the collection system and in the plant and the idea again is that it has been 25 years or so we target 2040 and have the capacity and resources to support growth and development to at least 2040 to match the Master Plan. Those things will start happening in the spring. We will want to meet with Bond counsel as you go into the bonding, there are costs and the costs can be covered by the bonding; engineering, construction, plant permits. As we get things going we may be using money from our own funds and there is a specific resolution called a reimbursement resolution so as we spend funds we will be reimbursed from the bond proceeds and those funds can continue to be used from day to day and month to month.

Budget/Finance:

Budget and finance and human resources are kind of tied together with engineering.

Human Resources

Dennis stated we have a posting up for a tractor trailer driver; we are going to promote one of the guys we have as a farmworker up to that position. After we fill that we are going to be looking for a farm worker. It's an entry position at the farm to operate the equipment.

Public Relations:

Dennis stated that Steven's letter in the paper was excellent and we continue to work on that.

Steve Errickson stated that he has had a lot of calls to the negative and that he cannot believe it since that article appeared. A number of people of people that are for this and I don't know what their interest it, they think it's the greatest thing about the jobs. There are going to be jobs no matter what. If the water company keeps the authority, there will still be jobs all the time. I don't know what their motivation is but I've gotten a lot of phone calls to the negative and defending myself.

Perry Barse asked if he was getting calls from civilians like the average Vineland resident? Steve stated no the calls are coming from labor people and other politicians who seem to have a stake in it. The average citizen, no.

Tom Merighi stated it would make sense the politicians would be thinking that way in the short term because that's all they are really going to get out of it. It's a cash influx.

Dennis stated that clearly we have been doing infrastructure improvements working with the City; Burns Avenue, those are union jobs, the City did the water line, those are union jobs. The new water plans is union jobs, power plant is union jobs. They are out there and the work will continue and we will be doing \$12M to \$15M worth of work which will be prevailing wage as well. One thing this bill does is it makes private companies pay both prevailing wage and use project labor agreements so that means that you can't just pay a journeyman's rate to someone, they have to come out of the hall. If I was a private contractor, I'd be screaming about this bill because it's going to cut me right off. I won't be able to do this work. A private contractor with public bidding and prevailing wage can bring your guys in and you have to pay them union wages and generally there is an operating engineer and other people on the job that are union and others you have in your own house. You are not going to the hall. Private guys if they were more educated in this would be screaming and Vineland has a lot of small contractors.

Steve Errickson stated that it will end up more expensive because it's a private company and they have to make a profit; we don't. We can keep our rates down because we don't have to pay our stockholders. Where are the companies that are mainly behind this?

Dennis stated that they are Aqua NJ from Trenton, it's United Water and NJ American Water. They are the big players that are pushing this. They don't like the fact and I've heard it from one that the process the law has now has some breaks built into it for the purpose so the public is knowledgeable and that is you have a referendum and both sides have to put out their case and the public votes on it. This eliminates that and you only have to have a public meeting or hearing. As Steve says, the public doesn't know a lot of this information and you are going to know it when you open your mail and why is my bill 25% higher. Most of these companies don't use their own crews, they use outside contractors and with that bill, you are going to have to pay prevailing wage and project labor agreements. You are going to knock out all of the plumbers in town here unless

they are as big as Falasca. Most of them aren't union but if they did a public job they pay their guys and hand in the same time sheets to the state and say I am paying him the prevailing wage and it will knock them out.

Insurance Committee:

Carol Ricci stated that she is getting ready for the property and casualty renewal even though it isn't until July 1st. It takes a couple of months to put it together and a lot of changes are not anticipated.

Dennis stated that as he learns more about the other proposal he may bring it to the insurance committee.

Allocations/Administration

Dennis stated that we took some action tonight on one project and we will have to make an adjustment on the chart.

Old Business: None

New Business:

Dennis stated that we have the AEA conference coming up and there is something in your package and we need to know soon for reserving rooms.

Adjournment:

At 6:34 p.m. there being no further business to come before the Board, it was moved by Errickson and seconded by Reuben that the meeting be adjourned. Roll call: Barse, Reuben, Merighi, Villar and Errickson voted "yes".

THE LANDIS SEWERAGE AUTHORITY

G. STEVEN ERRICKSON, Secretary