

THE LANDIS SEWERAGE AUTHORITY  
REGULAR MEETING  
April 3, 2017

Pledge of Allegiance.

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

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

Chairman Villar 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
	Katie Wyble	Court Stenographer
	Steven Lewis	Vineland Resident
	Bobby Novicke	Vineland Resident
	Kleopatra Antritsopolous	Vineland Public Charter School
	Elizabeth Dagar	Veterans Memorial School
	Katelyn Garcia	Rossi Intermediate School
	Julio Hernandez	Creative Achievement School
	Jazmin Hernandez Perez	Landis Intermediate School
	Bella Martinez	Bishop Schad Regional School
	Gianina Messore	Academic Video Production Officer, Vineland School Board

It was moved by Errickson and seconded by Barse that the reading of the minutes of the regular meeting held on March 20, 2017 be dispensed with and the same be approved in the form submitted to all members by mail. Roll call: Barse, Merighi, Errickson, Reuben and Villar voted “yes”.

Dennis Palmer presented the 23<sup>rd</sup> year Earth Day Poster Contest awards to six students from intermediate schools in the area. He also stated that this is the 23<sup>rd</sup> year of the contest and we are presenting awards to 7 winners this year.

Solicitor Steven Fabietti stated his name and opened the public hearing for the Landis Sewerage Authority with respect to rate setting for both its annual user fee and its allocation/connection fee and also stated that he would like to swear in all of the individuals who will be providing testimony on behalf of the Authority.

Please state your name:

Dennis W. Palmer, Executive Director/Chief Engineer, Landis Sewerage Authority  
Thomas J. Post, Business Manager, Landis Sewerage Authority

Dennis Palmer do you swear that the testimony you are about to provide tonight is the truth, the whole truth and nothing but the truth. Dennis Palmer replied "I do".

Thomas Post do you swear that the testimony you are about to provide tonight is the truth, the whole truth and nothing but the truth. Thomas Post replied "I do".

Dennis Palmer made the following statement:

Prior to tonight's public hearing, the Authority followed the requirements that are contained in New Jersey State Law, specifically N.J.S.A. 40:14A-8, et seq. which requires certain procedures to be implemented before a public hearing can be held for a rate increase. That law requires notice in two newspapers at least 20 days prior to the hearing as well as notice mailed to the municipal clerk of the municipality for which the Authority provides service. The Authority sent notices to the Press of Atlantic City and the Daily Journal. The Press of Atlantic City printed the ad and published it on March 9, 2017. The Daily Journal published their copy also on March 9, 2017. Therefore the requirement contained in the statute of having the public notice placed in two newspapers has been satisfied. In addition, please see attachments #1 and #2. With respect to notifying Municipal Clerks, letters were sent under the date of March 7, 2017 to the municipalities for which the Authority provides service or is connected into the system. These were done by regular mail and by FAX. Regular mail was under the date of March 7, 2017 and the FAX was also sent, transmitted and noted to be received also on March 7, 2017. Therefore the 20 day notice prior to the hearing was also satisfied with respect to the Municipal Clerks. The copy of the Vineland City Clerk letter is included as attachment #3.

This document serves as the basis and background for the public hearing being held on April 3, 2017 at approximately 6:00 p.m. The hearing is being held at the Landis Sewerage Authority's offices located at 1776 South Mill Road, Vineland, New Jersey 08360 and is part of the Authority's normally scheduled meeting. The Authority in performing due diligence going into a new borrowing, otherwise known as the 2016 Bond, was contacted by the lead bank with respect to how the Authority would handle the apparent closing of Progresso with notice being put forth in July of 2016 with closing anticipated for the summer of 2017. The Authority

informed the bank that was putting together a consortium of banks for our future capital projects as part of our asset management plan to improve our infrastructure that the Authority's plan if Progresso should close, would have to result in an increase in the Authority's rates. The Authority, whose rates continue to be the lowest in the County for public sewer, has anticipated that a \$20 per year rate increase would occur. As comparison, the \$20 rate increase would bring the Landis Sewerage Authority to \$390 per year. Millville is \$520 per year and Bridgeton for an average home of around 250 gallons per day is \$630 per year. The LSA is half of these other municipalities.

The Authority was informed in a phone conversation on approximately March 1<sup>st</sup> (attachment #4) that Progresso would be going through a phased shut down. They will be closed March 18<sup>th</sup> to April 3<sup>rd</sup> with production almost being eliminated for the removal of a production line. When the facility opens up again on April 3<sup>rd</sup> it is anticipated that the flows and loading from Progresso will be down 30% to 40% less than normal flow due to the removal of the production lines and it is anticipated that total projection will end on or about August 1<sup>st</sup>.

The Authority, like many utilities runs at a high fixed cost that is spread across all of its users. The last time the Authority calculated its costs it was approximately 70% to 75% fixed cost and approximately 25% variable. Therefore regardless of the flow rates from a single family home or in this case Progresso, when 100% of the income disappears, approximately 70% to 75% of the costs remain. These fixed costs include salary for personnel, bond principal and interest payments on the Authority's bond, insurance for the Authority's facilities, maintenance for the Authority's facilities, health insurance and other costs that are spread across all of the users. The variable primarily deals with the amount of electricity that is needed to pump and provide power to the electrical equipment that treats the wastewater as well as chemical usage in running the facilities and the pumping stations. Progresso's billings to the Authority are approximately \$750,000 per year. This is just a little less than 10% of the Authority's entire income from user charges. Based on the above information, the Authority will have to cover approximately 70% to 75% of this missing income for expenses.

By way of background, the Authority has lost its second largest customer twice over the span of the last 15 years approximately. The chicken plant located in Franklin Township closed about 15 to 17 years ago and more importantly in 2010 the Vineland Kosher plant closed next to the Authority's facilities at a loss of approximately \$140,000 to \$150,000 a year. At that time the Authority took several steps to lessen the impact on our users including the replacement of retiring or leaving employees with part time personnel that do not get health benefits and due to the organic loading of the Kosher Chicken plant the Authority evaluated its facilities and was able to run half of the aeration process which utilizes the most amount of electricity in the facility and substantially reduced the utility cost to the Authority. Unfortunately all of those steps that could be taken to cut cost are not available at this time since they have already been exercised. For every \$10 that the

Authority raises rates it raises approximately \$200,000. The \$20 rate increase will raise approximately \$400,000 and the \$20 rate increase that was previously imposed by the Authority will bring us up to about \$600,000 in coverage of the \$750,000 bill. The remaining will be made up by what is anticipated to be reduced expenses for electricity and chemicals in treating the reduced loads coming to the plant and the load specifically that is coming from Progresso. The rate increase will be \$20 for a residential home and other units that are not residential homes will see a rate increase of 5%. This is about a nickel a day. This is identified in attachment #5 User Charge Rates which indicates the budget of 2017 with an anticipated 5% plus rate increase and with Progresso being offline and out of the system. Attachment #6 is the budget for 2017.

In addition to the annual user fee, the Authority is also seeking tonight to adopt a new connection fee. The connection fee is a onetime charge that the Authority is authorized to collect under N.J.S.A. 40:14A-8. This is a formula provided by the State law for which you then calculate what the connection fee would be. The Authority's Auditors on October 13, 2016 (the most recent calculation) issued a letter based on the audited finances of the Authority. At that point in time the maximum allowable connection fee would be \$4,967.

The Authority as an ongoing practice over several decades generally sets the connection fee at approximately 50% which is allowed for by law. The intent of this lower amount is to encourage commercial industrial customers to locate in the City of Vineland and to also encourage those who have not yet connected into the system to tie into the system at this 50% reduction. Therefore it is proposed to change the Authority's connection fee from \$2,400 per block of capacity (300 gallons per day per block) to \$2,480 per block and the appropriate percentage increase for all of those other categories for which the Authority collects the connection fee. This onetime connection fee or allocation fee is analogous to a capital recovery fee and it brings new customers on par with those who have already contributed to the system that then paid for all of the other additions to the Authority's facilities including the treatment plant, pipelines and pumping stations. Please see attachment #7, a letter from our Auditors dated October 13, 2016 and a calculation sheet attached thereto. The new connection fee schedule is Attachment #8.

Recently on January 9, 2017, Public Law of 2016 C.102 was signed into law by the governor. This law allows for reduction in utility fees for actively deployed military personnel. The authority in its public notice proposed to provide an annual user fee reduction of \$50 (a \$25 per semi-annual billing) for active military personnel deployed out of the country. Written verification will be required. The law also requires that these personnel be deployed in active service in time of war. Therefore those active military personnel who deployed must be in an area of active war and copies of their orders indicating location and time shall be provided to the Authority in evaluating the implementation of this reduced cost. It will apply only to primary residence and the deployed member must pay the LSA sewer bill. Please see attachment #9, a copy of this new law that was approved on January 9, 2017.

This will provide some minor financial relief to those families located in the Landis Sewerage Authority's service area whose family member has been deployed in an active war situation.

The Authority has also solicited quotations to start accepting credit cards. The credit cards will be offered as a service to our customers especially those who have fallen behind and may be in lien status to avoid being sold at tax sale. The tax sale is a lien on the property and against the title. The Authority by implementing a credit card program is anticipating this can be of assistance to homeowners and property owners in paying their bills in a monthly installment rather than twice a year as the Authority bills. The Authority is anticipating this to be only a walk in service initially therefore customers would have to come to the Authority to utilize their credit card and there would be a courtesy fee associated with the use of a credit card. The Authority is anticipating a courtesy fee of \$3 for homeowners and \$5 for commercial accounts. The Authority as a public agency cannot afford to lose income associated with credit card fees for processing, equipment and machinery otherwise associated with the use of a credit card. Therefore to provide the credit card as a convenience to our customers there will be a convenience charge applied.

It's time to open the hearing for comments from the public.

Good evening everyone. My name is Steven Lewis, I live at 1322 Brandywine Drive in Vineland, New Jersey and the reason I am here tonight is because of the veterans discount for sewer bills. The State passed the bill which allows the LSA and other utilities to give them a discount is a wonderful thing. It's something I feel is long overdue and it's nice to see you are taking the first steps here to pass this. We should be helping the families of service members that aren't home and serving their country and putting their lives on the line for us so we can sit here, talk and have a conversation and live a good life. I applaud you for moving on this so quickly Mr. Palmer. As you know the bill passed in January and I think that Vineland might be the first City in the State will act on this so quickly. We can be proud of ourselves for being the light at the end of the tunnel and show other cities that they should do the same thing. Thank you again for listening to me and thank you for moving on this so quickly.

My name is Bobby Novicke. So the increase is due to Progresso closing right? Dennis stated that he was correct. Mr. Novicke asked if the plant opens again will the rate go back down and Dennis state it could potentially. We can hope for that and bring all of those jobs back. Not only are they our largest customer, I am sure they are the City Water Utility's largest customer also. The question of not only someone coming back in but do they use as much. I understand they have hired a national marketing firm to try to fill the location. It's a very new facility and Progresso put money into that plant every year and it should be attractive. If someone goes in and replaces it and the quantity of flow is similar to Progresso in quantity, they are over a half millions gallons a day and that's a lot of flow and it's 10% of our flow as well and that's a potential we have to evaluate at that time.

Carol Ricci asked Mr. Novicke for his address for the record and he stated it was 2469 Dahliadel Drive.

Dennis Palmer asked if there were any other questions and there were none. Seeing there are no other questions from the public I would recommend a motion to close the hearing. It was moved by Barse and seconded by Reuben that the public hearing be closed. Roll call: Barse, Merighi, Errickson, Reuben and Villar voted "yes".

Chairman Villar stated that he wanted to thank Director Palmer for such a thorough explanation of what we are doing and why we are doing it and also on behalf of all of us we are very proud in a small part of assisting the deployed personnel.

The Chairman asked if there were any public comments on the proposed Resolutions. There were none.

Resolutions:

It was moved by Errickson and seconded by Barse that Resolution No. 2017-27, "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.....\$66,259.43", be adopted. Roll call: Barse, Merighi, Errickson, Reuben and Villar voted "yes".

It was moved by Errickson and seconded by Barse that Resolution No. 2017-28, "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....\$238,897.53", be adopted. Roll call: Barse, Merighi, Errickson, Reuben and Villar voted "yes".

It was moved by Errickson and seconded by Barse that Resolution No. 2017-29, "A Resolution of the Landis Sewerage Authority authorizing correction on credits, charge-offs, refunds and cancellation of accounts in the amount of \$2,973.53 ..." be adopted. Roll call: Barse, Merighi, Errickson, Reuben and Villar voted "yes".

It was moved by Errickson and seconded by Barse that Resolution No. 2017-30, "A Resolution of the Landis Sewerage Authority authorizing the Executive Director to endorse NJDEP Permit Applications..." be adopted. Roll call: Barse, Merighi, Errickson, Reuben and Villar voted "yes".

It was moved by Errickson and seconded by Barse that Resolution No. 2017-31, "A Resolution of the Landis Sewerage Authority summarizing allocation activity through the close of Allocation Round 168..." be adopted. Roll call: Barse, Merighi, Errickson, Reuben & Villar voted "yes".

It was moved by Errickson and seconded by Barse that Resolution No. 2017-32, "A Resolution of the Landis Sewerage Authority allocating sewer capacity for Round 168 for

Multi-Family Classification...” be adopted. Roll call: Barse, Merighi, Errickson, Reuben and Villar voted “yes”.

It was moved by Errickson and seconded by Barse that Resolution No. 2017-33, “A Resolution of the Landis Sewerage Authority allocating sewerage capacity for Round 168 for Commercial Classification...” be adopted. Roll call: Barse, Merighi, Errickson, Reuben and Villar voted “yes”.

Reports:

Executive Director

Dennis Palmer reported that regarding Resolution No. 2017-30 during the last two weeks there have been numerous emails and conference calls with our Superintendent Dave Kennedy and the design engineering team for the plant going through the process, owner’s preference, type of blowers especially on one part of the process. We are expecting on Wednesday or Thursday at the latest the complete package for the permit to construct the new changes to the treatment plant. I will sign the authorization for that. We have also put a request into the bank; the permit fee is \$25,000 alone. Once we have that with the documents signed and sealed we will make it a point to hand deliver them to Trenton. When you hand deliver them it can buy you 10, 15 or 20 days in time. It gets immediately processed, goes through the administrative review and acceptance and if you mail it in it goes to the end of the table and works its way down.

We’re going through the process of buying a number of items you authorized that were large capital items. We signed the contract for the large jet truck. We ordered a piece of equipment and it just came in and it works like a gunnite sprayer like you would use on pools. It uses a similar process of gunnite and cement that has a spinner or a slinger so you can drop it down a manhole and pull it up real slow. If you had a manhole that had some structural deficiencies you could coat the inside with cement and you get a coating and structural strength. There is another gun that comes with it which sprays on an epoxy and give erosion resistance. We are currently working on the vacuum tanker that we could use for grease in the plant and move it from one end of the plant to the other and it will clean out wet wells also and the small personal pumping stations at homes. Long term if some of the cleaning jobs at the restaurants are not getting done as well, we are exploring could we go out and clean grease traps in the City and that grease would come to us to process and we would use it to make energy and fuel for the receiving station and the combined heat and power. We’ve also noticed in the last week we have a number of new customers coming in from the prison and other places. We have new grease customers coming in. Last month we went back up to \$5000 a month and that’s our target in income from grease and other waste. And there is a TV truck we are working on too.

We have a couple of things for public relations and I want to touch on one from your files. There is an issue that we have had and it’s not generally from top quality local plumbers, its more from the franchisees that they come out when we have a sewer

problem in the street and they clean the line between the house and the street which isn't most likely clogged anyway and say it's out in the street, call LSA and here my bill and LSA will pay you back. That's a misnomer. If there is an issue from the curb or the cleanout to the house is a homeowner's problem not ours. This has been ongoing. The master plumbers are meeting this Wednesday so we sent this letter to them to tell their membership not to mislead the people letting the homeowner think they are getting reimbursed and us and the homeowner arguing. Carol Ricci stated that we also sent that to the City plumbing inspector.

Field Engineer

Bob Schwarz reported that the Authority had work performed on North Delsea Drive between Landis Avenue and Park Avenue last week where approximately 20 feet of 8 inch PVC was installed plus a new pre-cast manhole. Work was performed in the State right of way with the proper traffic control and restoration. Final restoration will be performed in the near future.

We had an incident last week with grease on E. Landis Avenue which was creating an adverse condition to our lines. We had them clean their grease traps and to increase their grease cleaning activities from six months to four months.

Solicitor: No Report

Chairman: No Report

Issues and Correspondence:

Dennis said we had a note from Cumberland County for supporting them in the Walk for Washington and the marketing of Cumberland County to other parts of the State to locate here.

Committee Reports:

Engineering/Plant:

Dennis stated that we've been going back and forth with the City Engineering Department on the means and methods of backfill for the trench dealing with the Sears force main. It will be a long run that comes along the Sears parking lot and then eventually it works its way to Montrose Street and goes east on Montrose and we will be replacing the existing pipe that's on West. It's a very old terracotta pipe with loads of roots the size of my arm. We're going to pull all of that out because those old pipes are very prevalent to have root invasion. We will go with tight plastic pipe with rubber rings.

Budget/Finance: No Report



Human Resources

Dennis stated that one of our very long term employees has informally told us, not in writing yet, that he is planning on retiring in July. Steve is a great guy, an excellent employee, great guy to train and break in new people and he's very very good with a long history.

Public Relations:

Dennis stated that he was in DC with the multiple national associations trying to keep funding, most particularly, there's a move afoot in the DC to remove the tax deductibility for municipal bonds. It was a key item that municipal borrowing be tax free. We raised that issue and it was part of the rally.

The quail project was noted on the radio. John Mainiero told us that he heard we'd like to thank the Landis Sewerage Authority for our efforts. We are probably one or two years away from the quail being released.

The two charging stations went live. We called Ron Rossi over to bring a car over to plug it in to see if it worked and it did. We took pictures and put a short story over to the Daily Journal and the Grapevine to see if we can't get a little press on that. Hopefully it will make the paper.

Tonight's poster contest will be put out within the next week to the Grapevine and the Daily Journal. Our normal meeting for the children would have been during Easter break. We got almost all of them here tonight with Carlos representing the missing student.

Insurance Committee: No Report

Allocations/Administration:

Dennis stated that tonight's public hearing does tie in to allocation. The intent was to listen to any comments and action will be taken at the next meeting. The timing is important because of the reprogramming of the computer and the June bills get printed the second week in May. The charts that are in the package will be adopted with a Resolution.

Tom Merighi asked if there is a standard or code for the restaurants in town how often they need to be pumped out. Bob replied that each one varies according to their use frequency, how many hours they are open, if they use paper or chine, what type of cooking they do. There are a lot of variables such as do they have a commercial dish washer. We've reached out to the City recently and asked for their assistance when they make inspections of the restaurants if they put a check box somewhere that they are cleaning their grease trap on a regular basis. If we have their assistance it would enable us to have the best grease in our system. The letter was written about a week ago to Dale Jones and I'm waiting to get together with him so we can coordinate our efforts to

remediate the situation. Dennis stated that the minimum would be a year, the chains are wonderful. The chains are quarterly and it depends if you are washing dishes or if it's all wrappers and they are going out the door. If there's no sit down you don't have the silverware and dishes. Tom Merighi stated that it sounds like the answer is no that there is no standard. What's a regular basis mean? My regular basis is month to month but when you are talking about once or twice a year, I'm wondering if I'm doing it too often. It depends on your volume and you have an onsite system so it behooves you to do it more often. Dennis stated when the guy comes out clean it is there a 6 inch mantle of grease or is there 18 to 36 inches you are not doing it often enough because the baffles keep the grease from floating across the top and if it gets too thick it gets below the baffles and then it starts coming out to us.

Old Business: None

New Business: None

Adjournment:

At 6:44 p.m. there being no further business to come before the Board, it was moved by Merighi and seconded by Barse that the meeting be adjourned. Roll call: Barse, Merighi, Errickson, Reuben and Villar voted "yes".

THE LANDIS SEWERAGE AUTHORITY

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G. STEVEN ERRICKSON, Secretary