

CITY OF NORTHFIELD WORK SESSION
MAY 24, 2016

At 6:06pm this meeting was called to order by Mary Canesi, Municipal Clerk. This meeting was properly advertised in the Press of Atlantic City in accordance with Public Law 75, Chapter 231.

FLAG SALUTE

The flag salute was led by Mayor Chau.

ROLL CALL

Present: Dewees, Lischin, Murray, Perri, Travagline

Absent: Piergiovanni

Mayor Chau, Solicitor Kris Facenda, Engineer Kwapinski and Acting Chief Newman were also in attendance.

PRESENTATION – AQUA AMERICA

Council President Travagline welcomed everyone to the meeting and introduced Nick Asselta and Steve Spencer from Aqua America.

Mr. Asselta stated that this would be an informational presentation only regarding sale or purchase of assets of our wastewater system. His firm, Aqua America is engaged in acquisition mode around the State and is trying provide information to the towns that still own their own asset. He said those assets are, right, now, very valuable on the open market. There are three companies in New Jersey that provide this service: American Water, Suez, and Aqua America, and they are all doing the same thing throughout the County - giving information to towns that currently manage their own assets.

Mr. Spencer provided an overview of the company and distributed a handout to Council. Aqua America is headquartered in Hamilton with offices in Aerial and Phillipsburg. He referred to a map in the handout packet that showed their current service area. They have a 24/7/365 call center, as well as an automated system that included other methods of customer contact, such as texting etc. The company has been in business for 130 years, and is the best in terms of product and service. They had invested over \$1 billion in infrastructure in recent years. He noted that some benefits of privatization were to provide water, pay off debt, alleviate cost of operating, and eliminate the need to raise capital for infrastructure repairs. If a call came in the middle of the night it would go to Aqua, not to the town. Privatizing was an allocation of risk. Towns would also benefit from increased buying power for pipes, etc. There were misconceptions about rates; they are a very heavily regulated industry and the rates are set by the Board of Public Utilities and the Board also had

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to approve any rate changes through a very lengthy process. Even their profits were regulated by the Board of Public Utilities. Mr. Spencer offered to answer questions.

Councilman Dewees asked if they were referring to the entire system, pumps, cleanouts, etc. Mr. Asselta replied yes, everything up to the homeowner. He noted that he was a former member of the Board of Public Utilities and can speak first hand as to the time consuming, meticulous and lengthy process of generating a rate increase. He asked Mr. Spencer to explain valuation.

Mr. Spencer explained how valuations are driven by rates and rate bases.

Mr. Asselta gave the example of Haddonfield, who had 4,300 customers for water and sewer, and they were paid \$28 million 2 years ago.

Councilman Murray asked how many wastewater systems they had in New Jersey. Mr. Asselta replied that they had 6 in New Jersey but 200,000 in Pennsylvania; Woolwich Township, in Gloucester County is one of their New Jersey clients.

Councilman Murray asked if there was a service issue, where would they send people from. Mr. Asselta explained that they have contractors that they use; usually, employees, if they are valuable, are retained by the contractors. They were looking to grow in Atlantic County.

Councilman Murray reiterated what Mr. Asselta said, which is that the 3 companies who provide this service would bid against one another for Northfield's assets. He asked was there an independent 3rd party appraisal? Mr. Asselta replied that Northfield could get an independent valuation.

Councilman O'Neill asked if this was water or sewer or both. Mr. Asselta replied sewer; Northfield's water was owned by NJ American.

Mayor Chau asked what would happen if Northfield wanted to use Aqua for water. Mr. Asselta explained there was a legal process through the Board of Public Utilities to get the franchise back; Northfield would have to pay fair market value for it. For Aqua, they could build into a contract that the franchise agreement could be renegotiated in "x" number of years.

Councilman Perri asked would it be a use-based system or set fee. Mr. Spencer replied that it would probably be what we have now, which is a use-based system.

Mr. Asselta added that when they buy systems, the Board of Public Utilities usually encouraged very little if any rate shock to the current customers. It was likely that rates would stay the same for a very long time.

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Councilman Perri asked about debt owed on infrastructure. Mr. Asselta replied that it would have to be paid off; it would come right off the top of the purchase price.

Councilman Murray asked did this have to go to referendum? Mr. Asselta stated yes, unless there is an emergent need, which involved very special circumstances, but otherwise, yes, it goes to the voters. Aqua was prepared, as their competitors were, to engage the public in an education campaign to help them understand the value.

Mr. Perri asked if the value of the debt would be calculated by the City. Mr. Asselta responded in the affirmative.

Mr. Asselta explained that New Jersey Law required that a public question be submitted to the County by August 17th. An RFP would have to be prepared, and then once accepted the public question would have to be crafted and provided to the Clerk. There was a window and it was starting to shrink, otherwise you'd have to wait until next year.

Solicitor Facenda asked if there was a State wide rate. Mr. Asselta answered no.

Mr. Asselta stated this was a windfall; if this was something you didn't want to be engaged in anymore, that was what they did. Most utilities were no longer managed by the towns, only two were left, water and wastewater.

Council President Travagline asked if there were any other questions from Council.

Council President Travagline opened the meeting to the public wishing to speak on the subject.

Jerry McGee, 1620 Zion Road, asked if the City didn't run this would it go off the taxes?

Council President Travagline replied yes.

Mr. McGee asked if property taxes were reduced would that be less of a write off?

Mr. Asselta said it depended on the condition of the system.

Mr. McGee noted that it needed work, and engaged in discussion with Mr. Asselta.

Councilman Perri asked how improvements that were made would affect a resident's bill.

Mr. Asselta noted that it had to go before the Board of Public Utilities and reiterated the lengthy process.

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Seeing no one else wishing to speak on the subject Council President Travagline closed the public session.

- Sign Ordinance Changes

Council President Travagline asked Solicitor Facenda to speak regarding the sign ordinance changes.

Solicitor Facenda informed Council that the changes were 95% complete; he is at the level of detail where level of brightness was being evaluated, would it be measured in nits, etc.

Mayor Chau asked if this would affect the entire town.

Solicitor Facenda replied that only the zone discussed would be affected; if any were to be added he would need to know.

- Sidewalks on Cedar Bridge

Council President Travagline asked Engineer Kwapinski to brief Council regarding the sidewalks on Cedar Bridge project

Engineer Kwapinski distributed a color packet to Council and reviewed the plan; the cartway would be reduced to provide for sidewalks without the need for easements. It will become a yield street. The proposal was to put the sidewalk on the north side between Route 9 and Oak Avenue, and on the south side between Wabash and Mill Road.

Engineer Kwapinski explained that the narrowing of the road and a section that would be one way were proposed at the recommendation of the County.

Municipal Clerk Canesi asked if easements were an option as opposed to narrowing the road and taking the sidewalk from the cartway.

Councilman Perri replied yes.

Council President Travagline stated that he had been told that to get the grant we need to be shovel ready; but we need to get the input of the residents on this, so we don't have another situation like we had on Bay Drive. The residents may not want it; maybe we have to try to get easements.

Councilman Perri asked which side would be restricted parking.

Engineer Kwapinski stated the sidewalk side.

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Council President Travagline asked if anyone was completely opposed. He suggested having Clerk Canesi get letters out to residents to get their input and asked when the grant was due?

Engineer Kwapinski replied that the grant was due June 27th.

Clerk Canesi reminded Council that they wouldn't meet again until June 28th. She asked if residents were opposed, we would already have applied for the grant, could we re-engineer it if we get the grant?

Engineer Kwapinski stated yes.

Clerk Canesi clarified that residents will be invited to the June 28th meeting to give input.

Council President Travagline replied yes.

AGENDA REVIEW

Council President Travagline made assignments.

Solicitor Facenda noted the addition of Resolution Number 121-2016 for the record which was a change order for the Bay Drive contract, which would be executed simultaneously with the contract and would be read in full during the regular meeting.

PUBLIC SESSION

Council President Travagline opened the meeting to the public.

Jerry McGee, 1620 Zion Road - asked if a study was conducted to determine how leaky our system was and asked how people would be charged; by usage?

Council President Travagline replied the same as now; a set fee.

Mr. McGee suggested that the court and sewer department could make money.

Council President Travagline replied that the Sewer Department does not make money; had to increase sewer fees to fund capital improvements.

Mr. McGee replied that once you sell it you can't make money from it.

Tom Polistina, 15 Wilson Drive – asked if the Planning Board was involved regarding the sign ordinance changes. He was concerned about the C-C zone; he

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noted that he knew the ordinance needed changes.

Council President Travagline informed Mr. Polistina that the changes did go to Planning Board first for their recommendations.

Tom Boyd, 117 Northfield Avenue – asked how would the selling of the sewer work with the shared service agreement with Linwood.

Council President Travagline replied that there had been discussions with Linwood; there were 3 options. Linwood had said they would be there every step of the way. We could make no changes, we could sell the asset, or we could privatize the maintenance. He stated that he couldn't speak for Linwood but it needed to be a good fit for both towns.

Mr. Boyd asked would Linwood also have to issue an RFP.

Council President Travagline replied yes, and commented that Solicitor Facenda indicated the two towns could do it jointly.

Seeing no one else wishing to speak Council President Travagline closed the public session.

At 7:11pm, on motions properly made and seconded, this meeting was adjourned.

Respectfully submitted,

Mary Canesi, RMC, Municipal Clerk