

BOROUGH OF WESTVILLE

Special Council Meeting

165 Broadway

May 19, 2016 ~ 7:00 p.m.

Meeting Minutes

Mayor Welsh called the meeting to order at 7:00 p.m., followed by the Pledge of Allegiance.

The Clerk read the public notice and roll call was taken, with the following persons in attendance:

Present: Mayor Russell W. Welsh, Jr., Council President Michael O. Ledrich, Council Members: Paul C. Mailley, Donna Moan, Bruce Nordaby, Fritz H. Sims, Jr. Municipal Clerk/Tax Collector Christine Helder, Administrator William Bittner, Jr., Public Works Assistant Superintendent Martin E. Finger, Jr., Chief William Whinna and Solicitor Timothy Scaffidi

Absent: Council Member Charles Murtaugh and Public Works Manager Donna Domico

❖ PRESENTATION OF STUDIES BY REMINGTON & VERNICK, ENGINEERS (*Complete Evaluation & Rate Study*)

Stephanie Cuthbert of Remington & Vernick Engineers distributed copies of the Technical Report, Rate Study and Utility System Valuation Reports to Mayor, Council and Department Heads and explained that while the timeframe is short, after everyone has an opportunity to review the reports, those with questions or comments should contact her.

Ms. Cuthbert stated the Borough hired Remington & Vernick approximately three weeks ago to prepare a third party review of the existing Utility for consideration of a possible sale or, if the Borough keeps the system, what would have to take place to move forward to update the system. Ms. Cuthbert advised there are four objectives to the study and the first objective was to evaluate the existing Water and Sanitary Infrastructure. Ms. Cuthbert remarked that Public Works Manager Domico took Remington & Vernick employees on a tour of the facilities and they reviewed everything from an Electrical, Structural and Mechanical perspective. Ms. Cuthbert described the items that were studied so they could provide a comprehensive review on how the system stands today. Ms. Cuthbert gave a summarized report of her company's findings of both the above and below ground infrastructure and confirmed they generated a 20 year capital improvement plan.

Ms. Cuthbert provided details on Objective #1 - Utility System Evaluation by stating the Borough has 23 miles of water main ranging from 4 inch to 12 inch that dates back to the 1900's and a lot of the water main that was in place at that time is still in use today. Ms. Cuthbert provided a summary of the current state of the water mains and their construction and confirmed the sanitary flow is conveyed to the GCUA (Gloucester County Utilities Authority) where Westville is assessed fees based upon the flow and advised the Borough pays approximately \$500,000 per year.

❖ **PRESENTATION OF STUDIES BY REMINGTON & VERNICK, ENGINEERS (Continued)**

Ms. Cuthbert stated that the overall observations of the Utility infrastructure is that much of the below grade infrastructure (sanitary piping and water main piping) hasn't received the necessary investment and this is atypical with most Utilities addressing the above grade infrastructure before the below grade infrastructure. Ms. Cuthbert commented the operations of the Utility are very proactive and was informed by Public Works Manager Domico that the Wells are inspected every year. Ms. Cuthbert stated the Borough has a very well-run Utility; however, there are elements of the Utility that are aging.

Ms. Cuthbert addressed the second Objective - "Development of the 20 Year Capital Improvement Plan" and directed Borough officials to the handout provided which highlighted costs associated with upgrading both the above and below ground infrastructure and talked about the Water and Sewer rate increases that would be needed to support the upgrades. Ms. Cuthbert provided an example by explaining, with the suggested rate increases, a resident who is normally assessed \$80 per quarter for 10,000 gallons of Water would pay \$148 a quarter for 10,000 gallons and that residents who use more than 10,000 gallons per quarter will pay a higher rate. Ms. Cuthbert provided an example of residences who exceed the 10,000 gallons per quarter and explained that based on estimates, their yearly water charges would go from approximately \$647 yearly to \$1200 a year. Ms. Cuthbert further explained that Sewer Utility fees would increase from \$120 a quarter to \$230 per quarter.

- ❖ Ms. Cuthbert discussed the last Objective of their study, "Value of the System" which after the study, is valued at \$11.2 million.

Ms. Cuthbert concluded her presentation by asking for questions:

- ❖ Administrator Bittner asked if the report was broken down specifically by Water and Sewer. Ms. Cuthbert replied yes.
- ❖ Councilman Sims asked if the Borough goes through with the sale would the \$500,000 to the GCUA still be the Borough's responsibility. Mr. Cuthbert replied that payment of the fee would no longer be the Borough's responsibility.
- ❖ Mayor Welsh asked if all assets (equipment, buildings, etc.) were considered in the value of the Utilities and Ms. Cuthbert replied not all assets were included in the valuation since some of the properties were shared jointly.

Mayor Welsh asked Council if they had any questions.

- ❖ Councilman Sims asked if properties are usually included in the sale. Ms. Cuthbert stated she's familiar with two situations (1) easements and (2) the property itself goes with the Utilities. Councilman Sims followed up by asking if the property is sold, would the buyer be charged property taxes and Ms. Cuthbert replied "I believe so". Administrator Bittner talked about the possibility of negotiating the use of buildings and equipment with a potential buyer. Ms. Cuthbert confirmed their report included information regarding the use of property.
- ❖ Solicitor Scaffidi asked if the Water Lab was part of the study. Ms. Cuthbert stated the Lab was included in the study, but did not know if a private utility would be interested in providing those services. Council President Ledrich asked when would the sale of the Lab be determined and Ms. Cuthbert replied that would be part of the negotiations once bids are received or if the Borough wanted to clarify what their desires are then that information can be included in the RFP. Administrator Bittner asked if personnel costs were accounted for in the Study. Ms. Cuthbert stated personnel and licenses were considered Inherent Value and not included in the study.
- ❖ Solicitor Scaffidi asked about the 20 year rates if the system was sold and Ms. Cuthbert commented the Study is not at that point yet and that private utilities are governed by the BPO and have to appear before the Rate Council before any increases are approved.
- ❖ Mayor Welsh asked if in the RFP the Borough could ask if the rate could remain constant for a certain period of time. Ms. Cuthbert replied "you can put in the conditions you are looking for".
- ❖ Solicitor Scaffidi asked if the Borough could expect an 11 million dollar check and Mayor Welsh added that it would have to pay off the debt. Ms. Cuthbert stated yes, it would have to go towards the debt service. Mayor Welsh asked Administrator Bittner if he knew the debt figure and he responded about two million dollars.
- ❖ Councilman Sims clarified that the purpose of the Monday, May 23, 2016 meeting to keep things rolling is the RFP. Mayor Welsh advised that Ms. Cuthbert has the RFP that she will send to Solicitor Scaffidi and Administrator Bittner so that the information can be reviewed before the May 23 meeting. Mayor Welsh confirmed that by going to bid, the Borough is not obligated. Ms. Cuthbert advised the Borough is not obligated until they accept a bid by Resolution.
- ❖ Councilwoman Moan asked "why the rush". Mayor Welsh stated the issue has to go out to vote and there is a certain timeframe that must be met in order to get the vote on the 2016 ballot. Discussion took place regarding the bid process.
- ❖ Solicitor Scaffidi confirmed with Ms. Cuthbert that for the 20 year plan, the Borough go out to bid every year to start replacing so many feet of water and sanitary sewer mains and how much can be borrowed. Ms. Cuthbert stated the areas addressed in the study are those where issues already exist.

- ❖ Councilman Sims asked if the public vote was a binding vote, to which Administrator Bittner responded no. Administrator Bittner and Ms. Cuthbert advised that if the voters approve, the Borough does not have to move forward, however, if the voters vote no, the Borough cannot move forward.
- ❖ Request from Straight-Line Church regarding their June 4, 2016 “Kids Spring Fling” activities to ask that Third and Woodbine Avenues be used for parking during the event. Clerk Helder confirmed Chief Whinna and Public Works Manager Domico are okay with the request.

A motion to approve the request was made by Councilman Mailley and seconded by Councilwoman Moan. *Motion unanimously approved by roll call vote.*

PUBLIC COMMENT:

- ❖ Joyce Lovell, 328 Summit Avenue, asked for a copy of the meeting documents. Ms. Lovell discussed the Lions Club Yard Sale and advised vehicles are driving onto the tennis courts and damaging the surface so requested barriers to be put up to prevent vehicles from accessing and using the tennis courts as a parking lot.

A motion to adjourn the meeting was made by Councilman Mailley and seconded by Councilwoman Moan. *Motion unanimously approved by voice vote.*

The meeting was adjourned at 7:35 p.m.

Respectively Submitted,

*Christine A. Helder
CMC/Municipal Clerk*

Next Special Council meeting scheduled for May 23, 2016 @ 7:00 p.m.