

MINUTES OF SPECIAL COUNCIL MEETING

OF APRIL 27, 2016

The Special Meeting of City Council was called to order by President David Trovato at 7:00 pm. President Trovato led the pledge of allegiance. City Clerk Roy A Duffield read the open public meeting statement, noting that the meeting was duly advertised in compliance with both the Open Public Meetings Act and the Water Infrastructure Protection Act.

The Clerk called the roll:

Present: Swanson, Floyd, Johnson, Fleming, Parker, Carter, Trovato

Not present: Tierney (arrived at 7:06); Reddin (arrived 7:32); Mayor Volk

The purpose of the meeting was to present the reports prepared by Remington & Vernick Engineers, and to openly discuss the emergent condition of the City's Water & Sewer Utility and the possibility of a sale or long term lease of the Utility.

City Administrator Michael Theokas explained the procedures and timelines required by the Water Infrastructure Protection Act (WIPA). He emphasized that the study performed by Remington & Vernick contains valuable information for Council and the public to consider; however it does not contain any recommendations whether to sell the Utility. He introduced Stephanie Cuthbert, Dennis Yoder and Len Faiola of R&V to give an overview of their study.

Remington & Vernick's representatives explained their objectives were to:

- Make a detailed description of the components of our existing water & sewer system
- Propose a 20-year capital improvement plan
- Propose a rate structure to fund the capital improvement plan and other ongoing expenses
- Estimate the value of the Utility
- Give an opinion whether we have Emergent Conditions, as defined by WIPA.

The detailed description of our existing Water & Sewer utility included 46 miles each of water mains and sewer mains, most of which are over 90 years old and many of which are undersized; the locations of our wells, which are all within the State's 'Critical Area', including some that are located several miles outside our borders and two of which are not currently in use due to the presence of PFNA compounds in the water; our water treatment plant built in 1997; and our Woodbury Heights water reservoir built in 2007; and our numerous lift stations which meter and pump our sanitary sewerage to GCUA for treatment.

In calculating a 20-year plan to keep up with the maintenance of our system, they prioritized the improvements according to age, size, and condition and estimated annual costs for the next 20 years of \$440,000 to maintain the wells, buildings, etc.; \$932,000 to replace water mains; and \$879,000 to replace sewer mains, for a total of \$2.25 million per year.

With current rates of \$33/quarter for water (plus excess usage) and \$140 per quarter for sewer, R&V estimated that our rates would have to increase by 8% each year for the 8 years, and 3% per year for 12 years after that to cover expenses. That includes debt service, salaries and GCUA treatment fees. Even this 20 year plan will address only 50-70% of our long term maintenance needs; accordingly there would be on-going costs beyond the 20 year period.

To estimate the value of the utility R&V calculated the cost of each individual component then subtracted depreciation based on its actual vs. useful life. Based on that method the total value

of our Water & Sewer Utility is estimated at \$15.5 million. It was later clarified that this is not intended to be an estimate of the market value; i.e. the dollar amount it might sell for.

Lastly Remington & Vernick was asked to determine if our Utility meets any of the criteria for an 'emergent condition' as defined by WIPA. They concluded that it does for these reasons:

- 1) all of our wells are located within the 'Critical Supply Area II' as defined by the NJDEP and USGS;
- 2) after the discovery of a higher than DEP recommended level of the unregulated compound PFNA in one of our two northern wells (Well #7), the City voluntary ceased use of that Well, and due to the close geographic proximity of Well #7 to the City's other northern well (Well #8), further monitoring is necessary and there is a concern of higher levels of PFNA in Well #8. In the event both Well #7 and Well #8 cannot be utilized, there is the potential for an impact on sustainable volume and pressure of potable water for the northern sections of the City; and
- 3) R&V concluded that while the City has recently invested in our utility infrastructure, we have not historically dedicated the necessary resources to properly maintain our system.

At the conclusion of R&V's presentation Pres. Trovato invited Council Members to ask any questions they may have.

Councilman Johnson asked why the title of Resolution #16-83 includes the phrase 'intent to sell...Woodbury's water assets'. Solicitor James Pierson responded that the exact language is as required by the WIPA statute.

Councilwoman Tierney asked what other municipalities have done when faced with similar circumstances. Ms. Cuthbert answered that some have sold their utilities, some have tried to sell but didn't received acceptable proposals, and others have decided to continue to own & maintain the systems as municipal utilities.

Councilman Fleming pointed out that unlike the water emergency in Flint, MI our system is not in imminent danger of failure. However either we or the next owner will have to maintain our system into the future. Mr. Fleming is an engineer with 45 years' experience in this field.

On motion of Tierney, seconded by Councilwoman Parker and unanimously approved the public hearing was opened at 7:52 pm.

Jacquallynn Knight of 232 Hunter St thanked Mr. Theokas and Mr. Fleming for explaining this study to her and providing additional information she requested. She opposes privatization of our water & sewer utility. She also stated that we have a problem with PFNA in our well water. Howard Beiferman-Haines of 16 N Maple asked what the City could do about the source of the well contamination. Mr. Theokas said one answer would be a costly filtration system. Mr. Pierson, talking about our legal recourse, stated that the NJDEP has not issued legal limits of PFNA and other compounds, nor do we have medical data about their effects. Solvay has denied responsibility for the contamination. We are seeking guidance from NJDEP. Mr. Fleming explained that the geology of the contamination is complex and difficult to trace with certainty. Mr. Beiferman-Haines asked if our water will be used for fracking, and was assured it will not. Ryan Adamson of 11 N Maple asked which neighborhoods Wells 7 and 8 service; R&V explained that the water is blended from various sources (our wells and NJ American) throughout our water mains, so in effect the water from each of our sources goes to each of our residents. Dave Partridge of 120 S Davis said selling the water utility will not solve the PFNA problem. He urges Council to put it out to public referendum.

Edith Beiferman Haines, 16 N Maple opposes privatization because she fears it will lead to rate increases.

Sean Breslin asked for details on the requirements for a public referendum, which Mr. Theokas offered to give him. He wants the City to invest in maintenance of our system.

Tracy Carluccio, Deputy Director of Delaware Riverkeepers Network advised us to address the PFNA contamination prior to selling the system. Carbon filtration is needed, but the cost of it was not included in R&V's report.

Councilman Johnson asked if we have considered joining in a lawsuit with other towns to hold Solvay responsible. Mr. Pierson said it has been considered.

Daniel Clark of 32 N Columbia asked how R&V arrived at their estimate of \$2.25 million per year to properly maintain our system; Ms. Cuthbert said the details are in the study.

Chris Cassie of 453 Griscom asked who will maintain the system if it is sold. He would rather pay a City-owned utility to maintain the system, than a private entity. Mr. Theokas explained that the terms of a sale could also include a required maintenance plan. Mr. Fleming noted that ours is not the only water/sewer utility needing additional maintenance; nationwide an estimated \$450 billion is needed to properly maintain public water & sewer infrastructure.

Katherine George of 1147 Tatum St said we should consider independent testing of our water, rather than by Solvay. Mr. Theokas said that is currently being done.

Toni Benecchi of 1108 Tatum thanked our Public Works Dept. for answering emergency calls in the past and wants to know who will answer calls if the system is sold? Ms. Cuthbert pointed out that whoever owns it must be a state licensed utility operator.

Jacquelynn Knight asked about the process of blending the water, and whether homes nearest a contamination source could receive higher levels of contaminants. She also asked if any health issues have been attributed to our water.

Summer Smith of 456 Griscom asked about our plans for Well 7. Mr. Theokas said that well is not being used until the situation is resolved.

Kiara Hicks of 235 S Jackson compared our debate to the Federalist vs. Anti-Federalist movements of colonial times.

Laurie Cranston of 826 Tatum asked if homeowners should be advised to filter their tap water. Mr. Fleming said that samples have only been taken at the wells, none at the taps of any individual homes. He also pointed out that any laboratory tests suggesting health consequences of PFNA's are a result of long term exposure. Since PFNA levels were lower in our early samples, there is no need to panic at this time. Instead we should take time now to plan our options. Ms. Knight questioned Mr. Fleming's conclusions, referring to higher PFNA levels found in earlier samples. Mr. Fleming & Mr. Theokas pointed that those readings were disregarded because the samples were found to be faulty. Ms. Knight said she will ask for a voter referendum to decide this matter.

Councilman Johnson clarified that Resolution 16-83 is only to send our study up to NJDEP to see if they concur with R&V's findings of Emergent Conditions. Mr. Pierson agreed, and explained the statutory steps of the WIPA.

Mr. Beiferman-Haines asked if we are pursuing legal action against Solvay; Mr. Pierson said it is being considered, but he declined to publicly discuss our legal strategy.

Councilwoman Parker asked if Well 8 will be permanently closed. Mr. Theokas said we will continue to test it and plan accordingly.

Hearing no one else, on motion of Swanson seconded by Johnson and unanimously approved the public hearing was closed at 9:24 pm.

Pres. Trovato thanked Remington & Vernick for their services and our Public Works Department for their ongoing hard work for our residents. He reminded the public that our primary goals in studying this matter were to improve services and save money for our ratepayers; however we do not intend to lay off any Public Works employees. He asked Council to table Res. #16-83 and assured the public that if Council decides to proceed further it will be put to a referendum for voter approval. He asked interested members of the public to be involved in the discussion.

On motion of Tierney, seconded by Parker and unanimously approved Resolution #16-83 was TABLED.

Councilwoman Tierney suggested that community members implore their Legislators to have NJDEP determine the safe and legal limits of these compounds in drinking water.

Councilman Fleming invited any interested volunteers to sign up to participate in this committee.

There being no further discussion, on motion of Swanson, seconded by Parker and unanimously approved the meeting was adjourned at 9:30 pm.

Respectfully submitted,

Roy A Duffield
City Clerk

Other official present:

City Administrator Michael Theokas

CFO Robert Law

Clerk Roy A Duffield

Public Works Manager Richard Leidy

Solicitor James Pierson, Esq.