

**CITY OF SALEM  
COMMON COUNCIL MEETING MINUTES  
DECEMBER 7, 2020  
6:30 PM**

A meeting of the Common Council of the City of Salem was called to order by the Council President Gage. The meeting took place at #1 New Market Street at 6:30 PM and participation was available via Zoom. The meeting was opened with the Pledge of Allegiance. Councilman Groce did the Invocation. Roll Call was done by Mr. Angeli. **Present:** Councilpersons Ruth Carter, Robert Davis, Vaughn Groce, Timothy Gregory, Sharon Kellum, James Smith, Gail Slaughter and Council President Earl Gage. Also in attendance was, Andrea Rhea-City Solicitor, Deputy Treasurer Kenia Nunez, Director of Commerce Charles Bailey and City Administrator/Clerk Ben Angeli.

Mr. Angeli read the statement of advertisement as follows: Notice of this meeting has been provided to the South Jersey Times and the Elmer Times and is posted on the City Hall Bulletin Board stating the time and the place of the meeting. Notice has also been posted that the meeting can be accessed through Zoom.

**APPROVAL OF BILLS:**

A motion was made by Councilman Gregory and seconded by Councilwoman Kellum to approve the payment of bills. All members present voted in favor in a voice vote and the motion carried.

**PUBLIC PORTION FOR AGENDA ITEMS ONLY:**

The public is instructed that this portion of the meeting is provided for comments and questions on Agenda items only. There will be a public portion later in the meeting for general comments and questions. Please state your name and address, street name only.

Councilman Gregory made a motion to open the meeting to the public for Agenda items only. Councilwoman Kellum seconded the motion. All present voted in favor on a voice vote.

Mr. Ramsey, Pittsgrove, NJ stated that he could not stay for the hearing but had a statement that he wanted read into the record. Mr. Angeli read Mr. Ramsey's letter into the record. A copy of the letter has been included with these minutes.

Councilman Gregory made a motion to close the meeting to the public for Agenda items only. Councilwoman Kellum seconded the motion. All present voted in favor on a voice vote.

**INTRODUCTION OF RESOLUTIONS FOR CONSIDERATION:**

**CITY OF SALEM  
RESOLUTION 2020-210**

**CHAPTER 159 - A RESOLUTION REQUESTING APPROVAL OF ITEMS OF  
REVENUE AND APPROPRIATION REGARDING NJDOT FISCAL YEAR 2021  
MUNICIPAL AID PROGRAM**

WHEREAS, N.J.S. 40A:4-87 provides that the Director of the Division of Local Government Services may approve the insertion of any special item of revenue in the budget of any county or municipality when such item shall have been made available by law and the amount thereof was not determined at the time of the adoption of the budget, and;

WHEREAS, said Director may also approve the insertion of an item of appropriation for an equal amount, and;

WHEREAS, the City of Salem has received notice of an award of \$209,444.00 from the State of New Jersey, New Jersey Department of Transportation and wishes to amend is 2020 Budget to include this amount as a revenue.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Salem, in the County of Salem, State of New Jersey, hereby requests the Director of the Division of Local Government Services to approve the insertion of an item of revenue in the budget of the year 2020 in the sum of \$209,444.00

Which is now available as a revenue from:

Miscellaneous Revenues:

Special Items of General Revenue Anticipated with Prior Written Consent of the Director of the Division of Local Government Services:

State and Federal Revenues Off-set with Appropriations

BE IT FURTHER RESOLVED that the like sum of \$209,444.00 be and the same is hereby appropriated under the caption of:

General Appropriations:

(a) Operations Excluded from CAPS, State and Federal Programs Off-Set by

Revenues: NJDOT 8<sup>th</sup> Street Phase 2 ion Project

Other Expenses

BE IT FURTHER RESOLVED, that the Town Clerk forward two certified copies of this resolution to the Director of Local Government Services for approval.

ATTEST:

CITY OF SALEM

Ben Angeli, RMC

Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

I, Ben Angeli, Clerk of the City of Salem, in the County of Salem, do hereby certify the foregoing to be a true and correct copy of a Resolution adopted by the Common Council of the City of Salem on December 7, 2020.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-211**

**RESOLUTION TO CANCEL TAXES ON CITY PROPERTY**

**WHEREAS**, the properties listed below are now owned by the City of Salem, and

**WHEREAS**, these properties are now exempt from property taxes,

**NOW THEREFORE BE IT RESOLVED** that the Common Council of the City of Salem, County of Salem, State of New Jersey, at their regular meeting held on December 7, 2020 hereby memorializes the cancellation by the Tax Collector of the following for the Tax Year 2020 per N.J.S.A. 54:4-3.6c.

Block	Lot	Address	Amount
12	16	116 W Broadway	\$ 6,479.03

ATTEST:

CITY OF SALEM

\_\_\_\_\_  
Ben Angeli, RMC

\_\_\_\_\_  
Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-212**

**A RESOLUTION SETTING REORGANIZATION**

**BE IT RESOLVED** that the annual Reorganization of the Common Council of the City of Salem shall be held on January 1, 2021 commencing at Noon at City Hall, 1 New Market St., Salem, N.J. 08079

ATTEST: CITY OF SALEM

\_\_\_\_\_  
Ben Angeli, RMC

\_\_\_\_\_  
Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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\_\_\_\_\_  
Date

\_\_\_\_\_  
Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-213**

**A RESOLUTION AUTHORIZING THE CITY TREASURER TO MAKE  
TRANSFERS OF 2020 BUDGET APPROPRIATIONS**

**BE IT HEREBY RESOLVED**, by the Common Council of the City of Salem, County of Salem, State of New Jersey that the City Treasurer is hereby authorized and directed to make the attached transfers of budget appropriations in the 2020 Municipal Budget.

ATTEST:

CITY OF SALEM

\_\_\_\_\_  
Ben Angeli, RMC

\_\_\_\_\_  
Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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Date

\_\_\_\_\_  
Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-214**

**A RESOLUTION APPROVING AGREEMENT BETWEEN THE  
CITY OF SALEM AND AT&T MOBILITY SERVICES, INC FOR HOT SPOT  
SERVICES FOR THE MUNICIPAL COURT**

**WHEREAS**, the City of Salem Municipal Court is required to have Hot Spot Services available for Municipal Court; and

**WHEREAS**, AT&T Mobility Services Inc. can provide the necessary service and is on State contract;  
and

**WHEREAS**, the City desires to contract with AT&T Mobility Services Inc.; and

**WHEREAS**, the CFO has determined that this is a necessary service and that the funds are available.

**NOW THEREFORE BE IT HEREBY RESOLVED** by the Common Council of the City of Salem, County of Salem and State of New Jersey, that it consents to the execution of an agreement with AT&T Mobility Services Inc.

**BE IT FURTHER RESOLVED** that the Mayor is authorized to execute the agreement with AT&T Mobility Services Inc.

ATTEST:

CITY OF SALEM

\_\_\_\_\_  
Ben Angeli, RMC

\_\_\_\_\_  
Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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\_\_\_\_\_  
Date

\_\_\_\_\_  
Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-215**

**A RESOLUTION AUTHORIZING THE CITY OF SALEM TO ADVERTISE FOR  
BIDS FOR CHEMICALS AND WATER METERS FOR THE YEAR 2021 FOR THE  
WATER AND SEWER DEPARTMENT**

**WHEREAS**, the City of Salem’s Water and Sewer Department has a need for chemicals and water meters for their departments for the year 2021.

**NOW THEREFORE BE IT HEREBY RESOLVED** by the Common Council of the City of Salem, County of Salem and State of New Jersey, that the City Clerk is hereby authorized to advertise for bids for a contract for chemicals and Water Meters needed for the Water and Sewer Department.

ATTEST:

CITY OF SALEM

\_\_\_\_\_  
Ben Angeli, RMC

\_\_\_\_\_  
Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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Date

\_\_\_\_\_  
Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-216**

**A RESOLUTION AUTHORIZING THE CITY TREASURER TO  
CANCEL 2019 BUDGET APPROPRIATIONS**

**BE IT HEREBY RESOLVED**, by the Common Council of the City of Salem, County of Salem, State of New Jersey that the City Treasurer is hereby authorized and directed to make the attached cancellations of budget appropriations in the 2020 Municipal Budget.

ATTEST:

CITY OF SALEM

\_\_\_\_\_  
Ben Angeli, RMC

\_\_\_\_\_  
Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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\_\_\_\_\_  
Date

\_\_\_\_\_  
Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-217**

**RESOLUTION TO EXTEND EXECUTIVE ORDER 190 DIRECTIVES  
CONCERNING WATER AND SEWER ACCOUNTS TO NON-RESIDENTIAL  
BUILDINGS**

**WHEREAS**, Governor Murphy under Executive Order 190 (Attachment "A") directed Municipalities in the manner in which to deal with residential properties in certain areas and circumstances due to COVID-19, and

**WHEREAS**, these areas and circumstances pertained to shut-offs and collection of any fees or charges being imposed for late or otherwise untimely payments, and

**WHEREAS**, the City of Salem wished to extend the same policy to non-residential properties.

**NOW THEREFORE BE IT RESOLVED** that the Common Council of the City of Salem, County of Salem, State of New Jersey, does hereby authorize the City Water and Sewer Departments to extend the same directives outlined in Executive Order 190 concerning shut-off and collection of late fees to non-residential properties

ATTEST:

CITY OF SALEM

\_\_\_\_\_  
Ben Angeli, RMC

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Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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\_\_\_\_\_

Date

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Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-218**

**A RESOLUTION APPROVING AGREEMENT BETWEEN THE  
CITY OF SALEM AND ACCELA FOR SOFTWARE SUPPORT FOR THE WATER  
AND SEWER DEPARTMENTS**

**WHEREAS**, the City of Salem has contracted in the past with Accela of San Ramon, CA; and

**WHEREAS**, the City uses the Accela program in various departments; and

**WHEREAS**, the City desires to continue to use the Accela program in the City Departments; and

**WHEREAS**, the CFO has determined that this is a necessary service and that the funds are available.

**NOW THEREFORE BE IT HEREBY RESOLVED** by the Common Council of the City of Salem, County of Salem and State of New Jersey, that it consents to the execution of an agreement with Accela of San Ramon, CA; and

**BE IT FURTHER RESOLVED** that the Mayor is authorized to execute the agreement with Accela of San Ramon, CA.

ATTEST:

CITY OF SALEM

\_\_\_\_\_

Ben Angeli, RMC

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Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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\_\_\_\_\_  
Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-219**

**A RESOLUTION DESIGNATING APPOINTING AUTHORITY  
FOR CIVIL SERVICE**

**WHEREAS**, the City of Salem is a civil service jurisdiction pursuant to the provisions of Title 11A of the New Jersey Statutes; and

**WHEREAS**, David Crescenzi was designated as the appointing authority and has since retired; and

**WHEREAS**, it is necessary to make a new designation.

**NOW, THEREFORE BE IT HEREBY RESOLVED** by the Common Council of the City of Salem, County of Salem and State of New Jersey, that the Council acts with the power of appointment or removal for employees of the City of Salem and designates the City Administrator to execute documents with Civil Service as appointing authority on its behalf.

ATTEST:

CITY OF SALEM

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Ben Angeli, RMC

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Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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\_\_\_\_\_  
Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-220**

**A RESOLUTION APPROVING SALARY FOR LIEUTENANT**

**WHEREAS**, the City has one officer with the rank of Lieutenant who is not covered by a collective bargaining agreement; and

**WHEREAS**, Council has determined it necessary to adjust the base salary of the Lieutenant for the budget year 2020; and

**NOW, THEREFORE BE IT HEREBY RESOLVED** by the Common Council of the City of Salem, County of Salem and State of New Jersey, that the 2020 annual salary for Christopher Pew, Lieutenant in the Salem City Police Department shall be \$86,109.00.

**BE IT FURTHER RESOLVED** that the increase is subject to approval by the State Monitor.

ATTEST:

CITY OF SALEM

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Ben Angeli, RMC

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Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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Date

\_\_\_\_\_  
Ben Angeli, RMC.

**CITY OF SALEM  
RESOLUTION 2020-221**

**A RESOLUTION APPROVING SALARY FOR CHIEF OF POLICE**

**WHEREAS**, in keeping with the provisions of N.J.S.A. 40A:14-179, the Council has determined it necessary to adjust the base salary of the Chief of Police for the budget year 2020; and

**WHEREAS**, the Chief of Police has consented to the same.

**NOW, THEREFORE BE IT HEREBY RESOLVED** by the Common Council of the City of Salem, County of Salem and State of New Jersey, that the 2020 annual salary for John Pelura, the Chief of Police shall be \$97,980.00.

**BE IT FURTHER RESOLVED** that the increase is subject to approval by the State Monitor.

ATTEST:

CITY OF SALEM

\_\_\_\_\_  
Ben Angeli, RMC

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Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

I, Ben Angeli, Clerk of the City of Salem, in the County of Salem, do hereby certify the foregoing to be a true and correct copy of a Resolution adopted by the Common Council of the City of Salem on December 7, 2020.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-222**

**A RESOLUTION FOR THE TEMPORARY EMPLOYMENT OF A  
PART TIME TAX COLLECTOR**

**WHEREAS**, there is a vacancy in the position of the Tax Collector; and

**WHEREAS**, the City was unable to secure the services of a full time Tax Collector or shared services arrangement effective on the date of the Tax Collector's retirement; and

**WHEREAS**, the City is in need of a Certified Tax Collector to perform the duties associated with that position; and

**WHEREAS**, Jennifer Koetorius is able to perform tax collection duties on a temporary part-time basis.

**NOW, THEREFORE BE IT HEREBY RESOLVED** by the Common Council of the City of Salem, County of Salem and State of New Jersey, that Jennifer Koetorius shall be employed as a part-time interim tax collector for the City of Salem commencing an effective date of December 3, 2020 until January 31, 2021 unless otherwise extended by Council at the hourly rate of \$40. Per hour not to exceed 20 hours per week.

**BE IT FURTHER RESOLVED** that City residency is waived by the Council.

**BE IT FURTHER RESOLVED** that the employment is subject to approval of the State Monitor of the Department of Community Affairs.

ATTEST:

CITY OF SALEM

\_\_\_\_\_  
Ben Angeli, RMC

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Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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\_\_\_\_\_  
Date

\_\_\_\_\_  
Ben Angeli, RMC

**CITY OF SALEM  
RESOLUTION 2020-223**

**A RESOLUTION HONORING AND ACKNOWLEDGEING ERNIE BUBIER  
FOR OVER 30 YEARS OF DEDICATION AND SERVICE AS A MEMBER OF  
THE CITY OF SALEM EMS**

**WHEREAS**, Ernie Bubier has been with the City of Salem EMS – Fenwick Ambulance squad for 40 years; and

**WHEREAS**, Mr Bubier is a former Captain and is currently an active life member of the organization; and

**WHEREAS**, Ernie is the longest and most senior member of the squad; and

**WHEREAS**, he is also the longest serving and oldest active EMT in the County; and

**WHEREAS**, Mr. Bubier has decided to retire from the squad and EMS; and

**WHEREAS**, the squad as an honor to Ernie, will be retiring his line number; and

**NOW THEREFORE BE IT HEREBY RESOLVED** by the Common Council of the City of Salem, County of Salem and State of New Jersey, that it acknowledges Mr. Bubier’s dedication and service to the City of Salem and the County of Salem as a EMS member of the

**BE IT FURTHER RESOLVED** that the Mayor and Common Council wishes to Honor Mr. Ernie Bubier for his service to the City and congratulate him on his retirement.

ATTEST:

CITY OF SALEM

\_\_\_\_\_  
Ben Angeli, RMC

\_\_\_\_\_  
Earl Gage, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter			X			
R. Davis			X			
T. Gregory	X		X			
V. Groce			X			
S. Kellum		X	X			
G. Slaughter			X			
J. Smith			X			
E. Gage			X			

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Ben Angeli, RMC

**COMMITTEE REPORTS:**

**ADMINISTRATION** (Gage, Carter, Kellum, Groce)

Mr. Gage thanked Mr. Groce and the Mayor for attending the meeting with the fire police and reported that they have resumed service to the City of Salem. He spoke about meetings held concerning Town Bank and making small steps with getting help from the other mayors. He spoke about hiring a tax collector and settling with the CWA Union.

**PUBLIC SAFETY** (Gage, Smith, Carter, Davis)

No additional information other than what was stated in Admin. report.

**PUBLIC WORKS** (Groce, Gregory, Smith, Slaughter)

Thanks to public Works for getting Town Bank issue cleared up.

**CITY PROPERTY/CAPITAL/HUMAN SERVICES** (Davis, Kellum, Gage, Slaughter)

Mr. Davis wanted an executive session

**NEIGHBORHOOD INITIATIVES/COMMUNITY SERVICES** (Slaughter, Gregory, Carter, Davis)

Mr. Gregory stated that he was part of the SUFS COVID relief program and that all the applicants received some help. He collected index cards with people's concerns about the City on them. He spoke about his work with the Heart and Soul Committee.

**REDEVELOPMENT** (Smith, Gregory, Kellum, Groce)

Mr. Smith stated that they would be holding a meeting next week.

**MAYORAL COMMENTS:**

The Mayor spoke about a grat for illegal dumping and how that issue is tied into safety issues in the City. He spoke about the hiring of a new police officer and how there was some activity on bringing a food store into the area. He stated that there would be a meeting next week about the wind turbine facility being built in LAC.

**ADMINISTRATOR REPORT:**

No report

**COMMERCE DIRECTOR REPORT:**

No report

**OLD BUSINESS:** No report

**NEW BUSINESS:** No report

**PUBLIC HEARING ON THE PROPOSED SALE OF THE CITY OF SALEM WATER AND SANITARY UTILITIES SYSTEMS.**

The hearing will include a presentation from the City Engineering firm, Remington and Vernick, summarizing their reports on the Utility Systems.

Councilman Gregory made a motion to open the Public Meeting. Councilwoman Kellum seconded the motion. All present voted in favor on a voice vote.

Stephanie Colbert from the engineering firm of Remington and Vernick made the presentation. A copy of the power point slides are attached to these minutes.

She spoke about the condition of the system both from a physical and financial position. She spoke about pipe size, I and I, condition of pipes throughout the City and need for major infrastructure repairs. She stated that the average annual cost for the necessary repairs and upgrades would be \$1.9 Million. She explained each slide

in her power point. Mayor Washington stated that the 1.9 was just for improvements and did not include the cost of operations. Jared bacon, Salem, NJ asked if there was a cap on how much the new operators could raise rates. Stephanie stated that they would have to go before the BPU and that the BPU is an advocate for consumers. They would have to justify the increase and that future increases would be controlled. Mayor Washington spoke about the RFP process and that the City could request that the owner not raise rates for a specific period of time. Ms. Colbert stated that they would also have to explain how much they would be putting into improving the system. Ray Howard, Salem, NJ said that the \$1.9 would be passed onto the customers. Stephanie stated that the \$1.09 would be spread out among all the owner's customers so the Salem residents would not feel the increase as much. Mr. Gage spoke about the City position on the owner maintaining City employees. Derrick McKelvey asked how this would effect Alloway and Quinton customers. Stephanie responded that they service would be the same as it is now. The 1.9 Million figure was discussed. Mr. Groce stated that the yearly expense could be even more and the mayor stated that there could also be emergent issues that added to the expense. Sharen Cline, Salem, NJ asked if there were other towns in the area that have privatized. Stephanie responded that Egg Harbor City is in the process and that some towns consider this for financial reasons.

Councilman Gregory made a motion to close the Public Meeting. Councilwoman Kellum seconded the motion. All present voted in favor on a voice vote.

Resolution 2020-224 was on the agenda for consideration. Mr. Gregory motioned and Ms. Kellum seconded. After some discussion, Mr. gage motioned to table the resolution, Ms. Slaughter seconded and all Council members present voted in favor.

### **RESOLUTION 2020-224**

#### **A RESOLUTION CERTIFYING EMERGENT CONDITIONS HAVE BEEN DOCUMENTED FOR THE WATER AND SANITARY UTILITY SYSTEM BASED ON THE SUBMISSION AND THE ACCEPTANCE OF THE INDEPENDENT UTILITY ANALYSIS, VALUATION AND LONG TERM IMPACT ON THE RESIDENTS OF THE CITY OF SALEM**

**WHEREAS**, pursuant to N.J.S.A. 58:30-5, the City of Salem has hired an independent advisor to evaluate and value the Salem Water and Sanitary Utility System; and

**WHEREAS**, the independent advisor has undergone a complete evaluation and assessment of the Salem Water and Sanitary Utility System, and reported to the governing body on the value of the system, including the estimated financial requirements necessary to address the emergent conditions, operate and maintain the system; and

**WHEREAS**, the independent advisor has established the short term and long term impact on the rate-payers of the City; and



**WHEREAS**, the report of the independent financial advisor has been made available for public review and transmitted to the Board of Public Utilities, Department of Environmental Protection and Director of the Division of Local Government Services; and

**WHEREAS**, a public hearing was conducted on December 7, 2020 to review the proposed emergent condition certification after notice of the meeting was provided in accordance with N.J.S.A. 58:30-5d.

**NOW THEREFORE, BE IT RESOLVED** by the Common Council of the City of Salem as follows:

- 1) Upon due consideration of the findings of the financial advisor, the Common Council, by at least two thirds of its authorized membership does find and certify that one or more emergent conditions exist for the City of Salem Water and Sanitary Utility System under N.J.S.A. 58:30-5, particularly Emergent Conditions 4 and 5 as more fully described by the Emergent Conditions Evaluation and that the City does intend to sell its water and sanitary sewer assets to a capable private or public entity to address the emergent conditions and to operate and maintain the system.
- 2) A true copy of this Resolution shall be submitted to the Board of Public Utilities, the Department of Community Affairs and the New Jersey Department of Environmental Protection as part of the Water Infrastructure Protection Act process within 5 days of adoption of this resolution.

**ATTEST:**

**CITY OF SALEM**

\_\_\_\_\_  
Ben Angeli, RMC

\_\_\_\_\_  
Earl Gage, Council President

TABLED

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
R. Carter						
R. Davis						
T. Gregory						
V. Groce						
S. Kellum						
G. Slaughter						
J. Smith						
E. Gage						

I, Ben Angeli, City Clerk of the City of Salem, in the County of Salem, do hereby certify the foregoing to be a true and correct copy of a Resolution adopted by the Common Council of the City of Salem on December 7, 2020.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Ben Angeli, RMC

**PUBLIC PORTION**

Motion to open public portion made by Councilman Gregory.  
Seconded by Councilwoman Kellum. All members present voted in favor. Motion carried.

No questions or comments from the public.

Motion to close public portion made by Councilman Gregory.  
Seconded by Councilwoman Kellum. All members voted in favor. Motion carried.

**ADJOURNMENT:**

Councilman Gregory motioned to adjourn the meeting and Councilwoman Kellum seconded the motion. All members present voted in favor in a voice vote.

*NEXT COUNCIL MEETING: DECEMBER 21, 2020 AT 6:30 PM*

Minutes respectfully submitted by:

\_\_\_\_\_  
Ben Angeli, RMC

Correspondence to Salem City Mayor and Council  
Potential Sale of The City Water and Sewer Department

December 7, 2020

Good Evening Mayor, members of council, city employees and professionals and members of the public. My name is Ed Ramsay and I reside in Pittgrove Township. I am here tonight to speak of the City's potential sale of your water and sewer system (system).

I have had the opportunity to study the four (4) reports issued this October by your engineering firm, Remington & Verrick (RV). I have visited the exterior of your wells, pump stations, lakes, water tanks and each respected processing plant. My purpose for speaking on this topic is simply to offer constructive criticism to hopefully assist Salem City to reach the correct decision to sell or hold onto the system. This decision, I believe will be the most lasting decision Salem City Council has made or will make in a long, long time. The system is the City's most valuable and arguably the only asset of bondable value that Salem City owns.

As your system stands today, it is

1. In compliance with all regulatory agencies and has been for several years, which speaks to the management and employees overseeing the system, as noted in Rv's Description of the Existing Water and Sewer Facilities.
2. Your operating permit is good through December of 2025.
3. With the addition of Well #9 your system has five (5) independent wells into the water rich Mt. Laurel-Wenonah Aquifer and which is not in Critical Area II. Additionally, the current off line subsurface pump system, adds a sixth source of water. With the addition of Well #9 the system can process water at two locations.
4. The City currently only demands one-third (1/3) of its allocated water.
5. You have the capacity to store a 2 day supply of water without ration or emergent conditions.

5. The in ground infrastructure is in sound condition as evidenced by so few service calls, that management need not keep track of them, and which calls mostly relate the user's side of the system. Yes some of the piping is old, and some valves need exercise and the dead ends need to be looped, but all is working as designed.

6. There are no current known maintenance or retrofit issues that prevent the system from operating under current and foreseeable demand to the system. Yes there are known maintenance/retrofits issues such as the wastewater orbital tank disks, high chloride content in two wells, foul looking/tasting (but not dangerous) water experienced at the subsurface water intake and the numerous dead ends street feeds and the normal routine maintenance and retro-fits to the system. However "all in all" the system is healthy and operating without major incidents.

I agree the system lacks a routine maintenance program and does need repair or replacement in several areas; however the twenty year Capital Improvement Plan presented underestimates the reliability of the system.

For instance:

1. The plan calls to replace industrial designed pumps at ten year intervals, eleven in total ( 5 wells, 3 pump stations and 3 subsurface pumps,) when past history indicates a service life of 20 years or more without a routine maintenance program.
2. The CIP proposes replacing pipe where there are no overly reoccurring issues nor has the system been televised. Age along is not the only factor in the service life of piping, but given the new technologies and simplified means of televising, perhaps a long range "in house" program would better serve to identify future or emergency needs without time constraints of contracting this service out.
3. The 4" water mains do not currently violate regulations and replacement of same with 8" mains, as the CIP calls for, will only compound the dead end water stagnation issue. Rather than replace the 4" mains, I suggest finding differing means to loop the dead ends which may simply require a new 8" pipe paralleled back up the street. Removal of the existing 4" mains and the numerous service disconnects and reconnects is a costly and

time consuming factor in major projects over that of performing these service disconnect/reconnects on an "as needed over time basis." Looping the dead ends should take priority over replacing the 4" mains. I'm confident your Fire Department knows where the dead end hydrants are located and purposely "Ring" the last "looped" hydrant before proceeding down the dead end street on dwelling fire calls, however looping the dead ends mains will eliminate those seconds on the clock and the nasty taste, odor and color to the water.

4. The CIP calls for \$3.5 million of improvements to the subsurface water system with includes costly treatments processes to remove the foul odor/color and taste concerns. I attempted to gather the past engineering studies performed during the time preceding the system coming off line to gain further incite to the issues, thoughts and remedies available at the time; however they were not readily available to the administrator. I suspect the water quality is not the issue but rather water stagnation, as is the case with the dead end mains. I took notice of a 2" aeration nozzle at each lake, which may have been installed as a possible solution, but given Laurel Lake is 25 million gallons in volume and Elkington Lake is 46.4 million gallons in volume the 2 nozzles would have no effect to provide proper water aeration. If the lake was not studied as a remedy at the time, I would suggest the City have a lake aeration/management review performed by a recognized Phd. professional in man-made lake potable water ecosystems.

5. The CIP plan call for \$40 million of improvements over the next twenty years with \$14.5 million in the next 5 years. However given the above reasons and others not mentioned here, which I made note of in my review, this plan should be reevaluated.

I agree a twenty year CIP plan should be put in place focusing first on correcting known and system relevant issues, developing in-house televising and maintenance programs and prioritizing long term improvements based on known needs over simply age or "potential" regulatory concern.

6. Regarding the purchase of a Jetter machine, Carneys Point had been discussing a new one and Pennsville may have one, given the cost of these machines and the little working hours they receive per year, I would suggest some inter-local agreements be looked into for both a jetter and televising equipment.

7. A revised twenty year CIP plan should also consider a dedicated in-house 3 man project/maintenance team which will reduce the reliance on outside contractors and decrease service interruption and planning time frames. Much of the equipment needed for an effective team to operate is already owned by the department or an adjoining municipality. Future well replacement should include depths below 300' with on-site treatment processing as were previous wells to the existing ones.

Relative to the financial side of the water and sewer department, the service fee collection rate is no different than that of the tax collection rate, bleak but manageable. In developing a revised CIP and subsequent twenty year cost estimate plan, a rightfully due increase in user rates should be implemented balanced with appropriate CIP bonded funds. Bond rates are attractable at this time, but prudent use of same should be based on need extended over time.

As to Selling the system I offer the following points to consider:

1. The estimated \$25 million value was based primarily on the replacement cost less depreciation approach. Although the valuation noted the sale of 3 other similar systems including the Borough of Haddonfield in 2015, no supporting information was provided on the sales.
2. The valuation estimate report noted the real estate was not valued and may add "some extra funds", when in fact the value of industrial ground for these purposes is high and the permitting process to conduct same is expensive and time consuming. Perhaps the City should include land lease agreements with the sale.
3. The valuation does not take into account the enormous growth potential of the current system, not only to the needs of Salem City but adjoining municipalities.
4. I understand a 3 year freeze on fees would apply to a potential sale. Will the freeze be on water usage or also include the many BPU approved surcharges applied to monthly bills? There may be a difference.
5. I believe the estimated \$25 million value underestimates true value for several reasons. First and foremost whatever value an outside vendor pays for the system, they can immediately apply and receive approval from

the BPU to raise rates across all their NJ customers to recover the investment with a return on the investment. For instance, the Haddonfield system was sold to NJ American Water for \$28.5 million wherein BPU investment surcharges netted NJ American Water \$22 million, effectively purchasing the system for 21 cents on the dollar. Additionally the Haddonfield system was estimated by RV at the time of sale requiring \$49 million of improvements over 30 years. NJ American Water is spending \$15 million for improvements, which are also recoverable under BPU surcharge guidelines with interest. The Haddonfield system also had known problem areas that did affect service and numerous regulatory violations over the previous few years. The Haddonfield system does not offer the expansion capability as Salem does, primarily because it is surrounded by municipalities with existing public systems in built out areas.

6. I would suggest verification of actual rate increases vs. the estimates provided by RV to Haddonfield in 2015. They too had a 3 year moratorium on usage charge increases which ceased in mid-2018. These estimates should be verified against current value. For instance, RV's estimated the Haddonfield system for the year 2020 on a 1" feed would cost \$838.69 not selling or \$784.27 under American Water ownership. These numbers should be verified.

7. Although the projected rate savings provided by RV's estimates on Salem's system show a savings in the short term, after year 10 the rates begin to increase exponentially year over year. The long term cost of which will far exceed any short term gain. The most cost effective approach to managing rates, maintenance and long term care cannot be offered cheaper or more efficiently than the City now provides.

My over-all assessment of the system recommends the City maintain ownership of the system ensuring control of the system, control of the costs and fees an independence from outside manipulation. However if the City opts to sell the system I would value the system at no less than \$50 million. A buyer is least worried about the price of purchase (they get it back right away in surcharges) over that of long term profit and growth of the system over time, which the City would have no say in.

Respectfully,

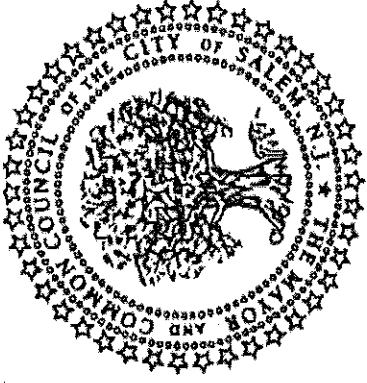
Edward A. Ramsay

473 Buck Road

Pittsgrove, NJ 08318

609-221-8255





# **City of Salem**

# **Water & Sanitary Utility Evaluation**

## **December 2020**

# *Background*

- **Remington & Vernick was authorized to study the utility system for consideration of potential sale.**
- **Objectives of Study:**
  - Evaluate Existing Water & Sanitary Infrastructure
  - Develop a 20 Year Capital Improvement Plan (CIP) including costs
  - Establish impact of CIP on Utility Fund & Utility Rates
  - Develop a preliminary value of the Utility System
- **Approach:**
  - Inspected all utility facilities – mechanical, electrical & structural
  - Interviewed utility personnel
  - Reviewed utility financial records including historic investment in system

# *Objective #1 - Utility System Evaluation*

- **Existing Water & Sanitary Utility Infrastructure:**

- Water Utility**

- 4 potable wells & surface water intake (Laurel Lake & Elkinton Pond)
    - 1 new well is being constructed
    - Wells are located in Critical Area 2
    - 1 treatment plant
    - 1 elevated water storage tank
    - 21 miles of water main – ranges from 4” to 12” (approximately 10% is 4” diameter)
    - City does not own water services
    - Projected water demands over the next 20 years do not increase

# *Objective #1 - Utility System Evaluation*

- **Existing Water & Sanitary Utility Infrastructure:**
  - Sanitary Utility**
    - Three (3) – Sanitary Lift Stations
    - 1 treatment plant
    - 15 miles of gravity sanitary main and 2 miles of force main
    - City does not own sanitary laterals

# *Utility System Evaluation*

- **Overall Observations :**

## **Water Utility**

- Improvements for wells (redevelopment / pump replacement) is typically reactive
- Water Storage Tank requires interior and exterior blasting / painting
- WTP requires maintenance. Surface water treatment offline
- Water meters are replaced as needed – City should implement meter replacement program
- Most of the below grade infrastructure is original in nature

## **Sanitary Utility**

- Two Pump Stations –newer. One Pump Station needs replacement
- I&I needs to be addressed ~ 500,000 gpd on average
- Most of the below grade infrastructure is original in nature

# *Objective #2 – 20 Year Capital Improvement Plan*

- Developed as a planning tool to begin the necessary improvements to the system for sustainable operation.
- To be utilized to establish annual budgetary requirements for the Township Utility. Also allows the ability to review the financial future of the system.
- Plans for the systematic and prioritized water and sanitary main replacements / rehabilitation.
  - **Water Main Replacement ~ 13% over the next 20 years**
  - **Sanitary Main Replacement ~ 10% over the next 20 years**

# 20 Year Capital Improvement Plan

- Recommended review on annual basis and incorporation of additional sanitary piping, as feasible due to budgetary considerations.
- Capital Improvements Plan *does not* incorporate Operations Budget or Debt Service.
- Capital Improvement Plan results in average of \$1.9 million annual expenditures over the next 10 years.

## *Objective #3 - Rate Study*

- A rate study was completed to establish the rates necessary to fund the capital improvements over the 20-year period.
- The rate study considered and incorporated the following:
  - Current Debt Service
  - Utility Salary & Wages
  - Statutory Expenditures
  - Outlined Capital Improvements Plan
  - Establishment of a positive, but not excessive, fund balance for emergencies and a self liquidation utility



# *Rate Study*

- The rates were examined annually; over the 20-year analysis period. The objective is to fund the utility and maintain a fund balance for emergencies.
- To fund the utility operations and capital improvement projects to sustain the utility, the following rate structure is suggested:
  - **Bond Improvements & Increase Rates**
  - **Rate Increase:**
    - Years 2021 - 2022– Increase rates by 25.0%
    - Years 2023 thru 2040 – Average Annual rate increase of 1.0%
  - **Bonding:** At end of analysis period, debt payment will be approximately 1/3 of the revenue generated by the utility

## ***Objective #4 - System Valuation***

- As part of this project, RVE was requested to complete a valuation of the system. This analysis puts a current worth on the system.
- The system was analyzed using the depreciation method of the existing infrastructure based upon age.
- Each element of the infrastructure was incorporated into the valuation and depreciation of the infrastructure was considered.
- Basis for the private utility to recover their purchase price.
- Does *not* mean that a private utility would not pay more.
- **Estimated engineering value ~ \$28.2 million**
- **Fair Market ~ \$23.1 million**

# *Utility Sale Process*

## Water Infrastructure Protection Act (WIPA)

- Must meet One of Five Emergent Conditions
- Emergent Conditions Analysis – NJDEP approval
- After approval RFQ / RFP
- Interview and negotiate with bidder of your choice

# *Emergent Conditions Analysis*

## Emergent Conditions

- Emergent Condition #1 – system is located in Critical Supply Area 2
- Emergent Condition #2 – Significant investment is required for the utility system for the sustainable maintenance
- Emergent Condition #3 – Owner does not have the financial means to address the long-term improvements necessary to sustain the system



# Questions