

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
MINUTES OF REGULAR MEETING
WEDNESDAY, MARCH 27, 2019

Meeting Opening

The meeting was called to order at approximately 4:01 p.m. by Mr. Jones. The notice of the meeting was read by Mr. Jones.

Roll call of the Board Members of the Improvement Authority was taken. Mr. Olivio-
Present; Mr. Jones-Present; Mr. Lopez-Present; Mr. Nedohon-Present; Mr. Kelly-Absent.

The Pledge of Allegiance was recited.

Freeholders present:

Approval of Agenda

Mr. Jones asked for a motion to approve the agenda. The motion was made by Mr. Olivio, seconded by Mr. Nedohon.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Absent.
The motion was approved by a 4-0 Vote.

Approval of Minutes

Mr. Jones asked for a motion to approve the February 27, 2019, Regular Meeting, Public Session Minutes and the February 27, 2019 Executive Session Minutes. The motion was made by Mr. Olivio, seconded by Mr. Nedohon.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Absent
The motion was approved by a 4-0 Vote.

Mr. Albert Kelly arrived at 4:06 a.m.

President/C.E.O.'s Report

71 W. Park Ave. is now fully occupied and operations are moving along as scheduled. Our full lease for the upper floor begins on April 1, 2019. CCIA staff is maintaining this facility as well the entire Delsea and Park Avenue Campus. Construction documents for the final phase of 57 W. Park Ave. continue to be delayed while we wait for final notes and comments to be received from VMEU. Budgets have been submitted and approved by VMEU, but we cannot complete the bidding process until we have final comments back from the tenant. Paving and site work continue, but are currently on hold pending final negotiations related to potential change order. Relocation of above ground electrical wiring still needs to

be completed. All of the buildings and parking areas remain fully accessible and are currently being utilized by the City and the State.

There is no change to CWED, DMV, 275 N. Delsea Drive, the College and W. Park Ave. operations. Revenues and expenses continue as budgeted. Regular maintenance, landscaping and cleaning continue. All required custodial staff have been hired and we have switched to an in-house staffing model for all CCIA properties, including Park Avenue and 275 N. Delsea Drive. Custodial staff has been a great resource to our team. We are working on our RFP for landscaping and irrigation services. We hope to have that out to bid in the next couple of weeks and would like to award in March, depending upon the timeline of the initial public notice.

Economic Development budget shows a small decrease in net revenue for the month. Much of this is as a result of the cost to run the NAPA store. We expect to increase sales volume over the next 30-60 days. If we do not, we will need to consider discontinuing the store. Despite delays in obtaining OSC approvals for the Tech expansion and Jail project, our Construction Management Division is fully staffed and implementing our projects very effectively. This revenue source sustains itself in addition to providing additional revenue to offset the administrative costs associated with the economic development operations/staffing. Construction management revenue will begin upon the start of construction.

Cape May County continues to move forward with its renovation project at the former K-Mart retail center. We have had several meetings with tenants to review floor plan, programming and space needs. We are working closely with the County's architect and engineer. The project scope has expanded to include the site, parking lot, infrastructure, exterior elevation, retail and movie theater components of the building. We expect to complete plans and have the project out to bid in the next 90 days. This partnership is going very well.

CCIA staff continues to work with our professionals to modify plans and specifications in order to reduce the overall costs associated with the Bridgeton Downtown Redevelopment Project. We are confident that we can implement the necessary changes to meet our project budget. The state funding that was promised for this project did not materialize. Although that is the case, we have initiated an alternative plan to bring this project to fruition. Final lot acquisition, consolidation, street vacations and value engineering continue while we await additional funding commitments. Underground utility services, design and relocation by ACE, Comcast, Verizon and SJ Gas have been finalized and are awaiting final completion. The County has approved and allocated its contribution toward the final development costs. Our New Market Tax Credit allocation was confirmed and we have reinitiated discussions and expect to close within the next 90 days.

The Food Specialization Center was delayed, but is now getting back on track. The delay was a result of requested changes from a potential tenant that then decided not to move into the building. Steel redesign and refrigeration needs have been finalized. We continue to work with potential tenants to fully occupy the building. We had a meeting with a group from Italy and will be meeting with a group from the Netherlands on Friday, March 22nd.

We have been included in several meetings with the City of Bridgeton and Rutgers University to implement the innovation grant. Our goal is to locate the first innovation center phase in our facility. The grant will allow the partners to develop a Smart Food Processing program for County employers and employees. We received a Letter of Intent from a National company and continue to work with them to execute a formal lease while they identify additional partners.

Both the Tech School addition and the Jail projects are out to bid. Closing for the final jail property has been completed and we should close on the college owned property within the next week to 10 days.

The Arts and Innovation Center is complete and operations are moving along. The College has modified its current programming to increase building utilization. We are now managing this property as part of our shared service agreement with the college.

E-Waste collection continues to progress very well. We are still covering staffing costs internally, but we are now being reimbursed for materials used to process e-waste. A new contract is in place with our current processor.

We continue to work with our municipal partners on their economic and redevelopment initiatives. We are preparing for the annual Bankers and Brokers event and we are preparing an Opportunity Zone brochure and program description. (Please see Economic Development report for additional information) We are working on Millville Downtown Redevelopment activities, as well as the re-use of our 2 N. High Street building. The City of Millville has agreed to a lease-purchase agreement for 2 N. High Street. The building will be fully utilized by the City for its court and related operations. I agreed to assist the City with required renovations to the building. CCIA will design and implement the building modifications and the City will reimburse on a monthly basis for 24 months. This will be paid as additional rent. Single Stream processing continues to be one of our biggest challenges. This is also a challenge nationwide. Outlets are diminishing and contamination is at an all-time high. Fortunately for Cumberland County, we continue to have low levels of contamination. We utilize two recycling vendors to mitigate market volatility. We met with our current processor and they requested a significant adjustment to our pricing index. The modification will result in an increase from \$0 to \$44 per ton. This will cause an additional annual cost of approximately \$500,000 per year. We are currently receiving \$0 per ton, but that agreement terminates in July. In order to reduce the increase, we have negotiated the increase prior to the termination of the agreement. If we do not increase now, our rate on August 1st will be in excess of \$75/ton. Our options are extremely limited and the rate of \$46 per ton is \$30 less than other neighboring municipalities are paying. As you know, Philadelphia is in excess of \$100 per ton. I was recently in a meeting with other IAs and they indicated that some of them are paying in excess of \$140 per ton. (See recycling report for additional information)

Our Fleet Maintenance operation continues to progress well and demonstrate a net revenue for the month. Volume and revenue are expected to increase over the next couple of months as the night shift begins regular maintenance on the new ACUA fleet. Our NAPA store is gathering momentum and we expect substantial utilization increases over the next 60 days. ACUA is on site and continues to be one of our best shared service partners. ACUA is also utilizing our Truck Wash.

We are hoping that the opening of the NAPA store will attract more attention and business to our fleet services and truck wash. We held another informational session for County and municipal fleet and finance staff in order to attract more users to the store. If volume does not increase, we will need to reconsider having the store at our location.

We are working to coordinate the Centralized Fueling operation. Since there are a lot of moving parts and issues to be finalized, we are pushing the final roll out of this program to January 2020.

Truck Wash continues to operate much better and utilization is increasing.

Phase I (landfill, treatment plant and administrative office) of our Energy HUB/Micro Grid Initiative is completed. We purchased ACE's on-site infrastructure and are now producing our own energy that supplies the entire landfill site. Phase II (F&S, Lebanon Road Redevelopment Area and back-up Generators) will be completed by December 2019. Our agreement with EPP provides a shared cost arrangement, so the acquisition and implementation costs are mitigated for the CCIA.

The Energy HUB plan will allow the entire landfill operation as well as the Lebanon Road Redevelopment Area Initiatives to run all electricity via the existing ACE infrastructure and our methane gas to energy facility.

We continue to work with the Data Center Developer. We expect to finalize this transaction and close by May 1, 2019. When completed, the former school will be an economic contributor to the Township by creating significant jobs and becoming a rateable.

The Combined Heat and Power Plant bids were rejected. Revised plans and specifications were proceeding, but we have recently been contacted by an energy developer to discuss a much larger master plan that would be more beneficial to the college, county and the CCIA. Chapter 12 funding may be available to fund this project. We expect to save the College approximately \$90,000 per year in utility costs.

CCIA has transitioned facilities management including landscaping, custodial and maintenance. This strategy has created new job opportunities and further reduced our operating costs. The first 6 months of operations at the college have proven to be even more efficient and productive than anticipated.

The College Capital Projects Implementation is underway. We are working very closely with the College on several initiatives and projects. A newly designed access and ID Card system has been created to work in tandem with the new access and security upgrades.

Roof bids were received and we will be able to complete all proposed roofs within the designated budget. The contracting process is underway and we expect work to begin in April and be completed by September.

Construction of the CNG facility is complete. A few punch list items remain open, but are progressing well. Site work, including hydroseeding and planting is complete. All ACUA and CCIA vehicles are utilizing the station. We received no bids for the marketing and billing bid. We received a letter from one of the potential bidders outlining the rationale for not submitting a bid. We will be working to revise the bid as necessary. Until we utilize a private entity to bill potential private customers, we cannot sell gas to non-public entities. Pricing includes actual cost of Natural Gas, operating costs, electricity, capital costs, taxes etc.

Construction of the new county jail facility will allow us to relocate the County Impound lot.

The treatment plant continues to operate more efficiently and effectively than previous operations. The temporary berm between 7A and 7B has been removed and the underground leachate piping has been installed. Site work required to recertify cell 7B is completed and we expect to have a certification from CME that will then be forwarded to DEP for final review and approval. Recertification of the cell will assist with leachate treatment and overall operations. We are hopeful that we can begin to place trash in cell 7B within the next 60 days.

Treatment Plant expansion is underway and completion is expected by May 2019. The project is moving along as scheduled.

Tire recycling is progressing very well. DEP and the County Health Department visited our site and indicated that they were not totally satisfied with our tire recycling process. This was in light of the fact that our tire recycling process has been enhanced and we are moving tires on a weekly basis. They are mistakenly classifying our transfer of tires as a class B recycling facility. After our visit from the NJDEP and hearing their concerns about how we store our tires, the CCIA is now loading the tires into trailers weekly so they do not sit on ground. The tires only remain on the ground for 2 to 3 days until we have time to load them. Once we have a full trailer, tires are shipped. Because we are conducting our own hauling, we can load our trailers and have them ready for shipment. We have three trailers available for this task, so weekly storage/shipping is not an issue.

Redevelopment Plan and Redevelopment Agreement are fully approved and allow us to implement the Redevelopment Plan for Lebanon Ave. We received comments to our proposed lease agreement from our recycling developer. We expect to finalize the lease and begin operations by 2020.

Cell operations are moving along extremely well. We are now piping all contaminated water directly to our Treatment Plan. We are working to complete the required modifications to the top of cells 1 through 6. The change in time and weather is allowing us to work extra hours to complete required site, cell and basin work throughout the landfill.

The City of Vineland has initiated the delivery of construction debris from the Highland Avenue Redevelopment area. The City will be utilizing its building demolition allocation for this project. I agreed to increase their total tonnage from 150 to 350 tons with the requirement that they process all concrete and brick to 3 minus before delivery to the landfill. This material will help with roadways throughout the landfill.

Side slopes and top of cells 1 through 6 and temporary cover have been completed and look and are operating very well. The cover will further enhance treatment and gas collection. Processed concrete along with cover dirt, will be used for cover on top and to create a roadway for wells and other infrastructure. Additional temporary cover is being planned for the top of the hill to further enhance water collection and gas collection.

F&P Engineering continues to do a great job monitoring and adjusting the gas system. In an effort to maximize their time and our efficiency, we have designated an internal team to work with F&P when they visit the site. CCIA staff is becoming increasingly proficient with gas repairs and upgrades and an internal

tracking system is being documented to increase repair and collection efficiencies. We have landfill gas parts vendor/bid on our agenda for approval. This will help to improve our repair effectiveness and efficiency.

We received our Class B approval from DEP. Please keep in mind that this is a backstop for our shared service agreement with our private class B wood processor. All Municipalities and the County are included in this agreement. Wood waste will be collected and processed at no cost. The agreement provides free recycling of wood waste for all municipalities, the county and the CCIA.

Our 2019 Budget included a tip fee increase of \$4.00/ton. Cumberland County still has the lowest tip fee in the state. As a result of DEP modifications to its Closure Plan methodology and calculation assumptions, we will require an additional increase to our tipping fee. We have evaluated the closure funding calculation to determine the best method for reaching the revised closure fund balance. We can have small annual increases for the next 20 years, or have a larger increase over the next few years to reach the required closure fund balance.

The new Administrative Office building on Lebanon Road is almost complete. We had a very successful bond sale. The final all in rate was approximately 3.8% fixed for 25 years. The county's guarantee was very helpful in keeping pricing down. Our move in date is March 25th.

We received formal Opportunity Zone approval for Vineland, Millville and Bridgeton and hope to begin marketing for this opportunity shortly. The federal shutdown has delayed the approval of final regulations. The Opportunity Zone designation allows individuals with capital gains liabilities to invest those funds into local redevelopment projects and receive tax deferral and/or forgiveness of that tax liability. This will allow for significant private leveraging of resources. We hope to set up an investment fund that can be utilized to support county redevelopment projects. We continue to attend seminars and trainings related to this funding. We are planning training sessions once new legislation is approved. Landfill operations continue to move along extremely well. Tony, Sal and Ben doing a very good job.

Resolutions

Mr. Jones requested a motion to approve the Resolutions by consent.

Mr. Jones called for a motion to approve the Resolutions 2019-049 through 2019-062.

The motion was made by Mr. Kelly and seconded by Mr. Nedohon.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.

The motion was approved by a 5-0 Vote.

Mr. Jones requested that the Solicitor handle Resolutions on the Agenda. Resolutions were read by Solicitor Gibson.

Mr. Jones called for a motion to approve the Resolutions 2019-049 through 2019-061. The motion was made by Mr. Olivio and seconded by Mr. Nedohon.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.

The motion was approved by a 5-0 Vote.

Mr. Lopez abstained from 2019-056.

Treasurer's Report

1. Monthly Year over Year Tonnage:
13,598 tons were brought into the Solid Waste Complex including 6,459 tons of municipal solid waste generated in county. Total tonnage decreased by 155 tons, or 1%, over the same period last year.
2. General Fund:
The General Fund balance is variable based on cash needs for the month which include payments to be reimbursed from various sources of funds for closure projects, landfill equipment, other activities budget, and short-term loans for development activities. There was a net decrease in the general fund of \$401,774 for the month and an ending balance of \$1,353,954. Amounts owed back to the General Fund totaled \$9,672,429.
3. Cash and Investments:
Interest earned on the local and trustee accounts for the month amounted to \$42,485 as noted on the schedule of bank account balances.
4. Landfill Operations Summary – Profit and Loss Statement:
Landfill operations generated revenues of \$961,526 which included total tipping fees of \$939,294 and revenues from other landfill activities of \$22,232. Total revenues of \$981,138 less total expenses for the month of \$1,191,346 resulted in a net deficit of \$210,208.
5. Economic Development Operations Summary – Profit and Loss Statement:
Economic Development operations generated revenues of \$554,422 which included rental and management fees of \$470,678, Interest Income of \$27,935, Fleet Maintenance revenue of \$36,887, and other income of \$18,922. Total revenues less total expenses of \$580,240 resulted in a net deficit of \$25,818.

Old Business – No old business.

New Business – No new business.

Freeholder Liaison Remarks – No Freeholder remarks.

Open Public Comment Session

Mr. Jones called for a motion to go into Open Public Comment Session. A motion was made by Mr. Nedohon, seconded by Mr. Olivio to go into Open Public Comment Session.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.
The motion was approved by a 5-0 Vote.

Ms. Nancy Ridgeway – Asked for confirmation on the location of the Authority's April 2019 Board Meeting. Mr. Velazquez confirmed that the meeting would be held at 745 Lebanon Road, Millville. Confirmation was also asked for the date of the Bankers & Realtors Event held by the Authority. Mr. Velazquez confirmed that the Event will be held on Friday, May 3, 2019 at 8:00 a.m.

There were no other members of the public wishing to address the Board at this time.

Close Public Comment Session

Mr. Jones called for a motion to close Public Comment Session. A motion was made by Mr. Kelly, seconded by Mr. Olivio to close Public Comment Session.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.
The motion was approved by a 5-0 Vote.

Executive Session

At approximately 4:23 p.m. Mr. Jones called for a motion to go into Executive Session. Prior to the resolution, Solicitor Gibson provided proper notice and indicated that discussion during the closed session would include the discussion of matters involving the purchase, lease or acquisition of real property with public funds, pending or anticipated litigation where the public body is a party or may become a party. Solicitor Gibson noted that no further business would be conducted after the conclusion of the Executive Session.

The motion was made by Mr. Kelly, seconded by Mr. Olivio.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.
The motion was approved by a 5-0 Vote.

Resume Public Session

Mr. Jones called for a motion to come out of Executive Session and resume Public Session at approximately 4:50 p.m.

The motion was made by Mr. Nedohon, seconded by Mr. Olivio.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.
The motion was approved by a 5-0 Vote.

Adjournment

Mr. Jones called for a motion to adjourn the meeting. A motion was made by Mr. Nedohon, seconded by Mr. Olivio.

Mr. Olivio Yes; Mr. Jones Yes; Mr. Lopez Yes; Mr. Nedohon Yes; Mr. Kelly Yes.
The motion was approved by a 5-0 Vote.