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July 15, 2021

Mail and E-Mail @ Encida-sjs@comcast.net

South Jersey Sanitation Company
Attn: Encida Martínez, Customer Service
253 E. North Whitehorse Pike
Hammonton, NJ 08037

Mail and E-Mail @ jsage@seasidewaste.com

Seaside Waste Services
Attn: Jim Sage, General Manager
253 E. North White Horse Pike
Hammonton, New Jersey 08037

Mail and E-Mail @ HudsonClaims300@HudsonInsGroup.com

Hudson Insurance Group
Attn: Claim Department
100 William Street
5th Floor
New York, New York 10038

**RE: South Jersey Sanitation Company/Seaside Waste Services
Notice of Default – Performance Bond Claim
Hudson Claim Number: FNS11015646
Haddon Heights - Collection and Disposal of Solid Waste and Recyclables**

Dear Sir/Madam:

On June 4, 2021, I wrote on behalf of the Borough of Haddon Heights (“Borough”) expressing our continued and complete exasperation as a result of Seaside Waste Services’ (“Seaside Waste”) failure to complete scheduled pick-ups of trash and recyclables on a timely and/or consistent basis. Matters have worsened significantly since my June 4, 2021 letter, compounded by the blazing heat which has resulted in a health and safety issue. For the past several months, trash and recycling have rarely been collected in a timely fashion. Thus, the Borough intends to take immediate and aggressive action to abate this health emergency.

On June 7, 2021, I received a call from Hudson Insurance Group (“Hudson”), Seaside’s bonding company. Hudson established the above referenced claim number and advised they would be in contact. I am still awaiting Hudson’s follow-up call. Seaside on the other hand has neglected to respond.

Material and significant contractual breaches continue as Mayor Zachary Houck and members of Borough Council continue to be justifiably inundated with hundreds of resident complaints. Seaside and Hudson have failed miserably in the performance of their obligations to the Borough, thus necessitating immediate action to correct a serious threat to the residents’ health, safety and welfare.

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According to David Taraschi, Director, Department Public Works, during the month of June 2021, contractual noncompliance with missed trash routes occurred on June 7, 11, 25 and 28. The penalties to be imposed for these infractions total \$4,750.00. Moreover, the Borough engaged another municipality to complete the recycling collection on June 4, 2021, in lieu of Seaside, at a cost of \$2,750.00. Contractually imposed penalties for the month of June 2021 total: \$7,500.00. In addition, the DPW established a trash and recycling drop off location at the Service Operations Facility located at 514 West Atlantic Avenue to assist our residents. The cost of creating this drop off location is presently being calculated.

In July, recycling services for July 2, 2021 were delayed to Saturday. In addition, recycling due to be collected on July 9, 2021 remains in the streets with no direction or communication when Seaside intends to remove the materials, again creating an unacceptable nuisance. Finally, trash due to be collected on July 12, 2021 remains uncollected, leaving overflowing trash cans littered throughout the residential municipal streets, emitting noxious odors and attracting animals and insects.

As a result of the foregoing, Haddon Heights intends to immediately implement the following remedial action plan:

1. Any trash or recycling not picked up on the exact date specified in the Contract will be picked up the next day through acceptable alternatives including the engagement of other municipalities and/or private hauler to complete the job.
2. On Tuesday, July 20, 2021, at the Regular Meeting of Borough Council, a Resolution of Contractual Default will be considered for adoption and direct monetary costs incurred by the Borough will be directly off-set against the funds due Seaside, totally \$37,000 per month as a result of its substantial breach.
3. Commencing immediately, all sums due Seaside will be placed in an escrow account and pro-rata share will be released only upon satisfactory and timely trash and recycling pick-up on a week-to-week basis. This is specifically related to its breach.
4. Haddon Heights is identifying alternative methods to assure its residents receive timely and consistent trash and recycling collection, including initiating its own internal operation, among others avenues. The Borough intends to seek renumerations from Seaside and Hudson for additional costs incurred.

Rest assured that what will not occur is the continuation of the status quo. The stench from uncollected trash is horrendous and the Borough streets are lined with waste. I am also, by copy this correspondence, requesting the Camden County Department of Health and Human Services conduct its own investigation into Seaside's delinquent practices.

Haddon Heights, pursuant to the Local Public Contract Law, awarded a three (3) year Contract to South Jersey Sanitation, subsequently acquired by Seaside, for a total amount of \$1,349,638.00. The sum of \$449,820.00 of that contract is payable in 2021. This is the largest single vendor line item in the municipal budget. Following my June 4, 2021 letter, when notification of a breach was formally presented to Hudson and Seaside, my pleas for help were totally disregarded.

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Hudson's Performance Bond, No. ASA1791-13233 provides:

"Whenever Contractor shall be, and declared by Owner to be in default under the Contract, the Owner having performed Owner's obligations there under, the Surety may promptly remedy the default, or shall promptly:

1. Complete the Contract in accordance with its key terms and conditions for the period covered by the terms of this bond, notwithstanding any provision in the Contract to the contrary, or
2. Obtain a bid or bids for submission to Owner for completing the Contract in accordance with its terms and conditions, and upon determination by Owner and Surety of the lowest responsible bidder, arrange for Contract between such bidder and Owner, and make available as work progresses (even though there should be a default or succession of defaults under the Contract or Contracts of completion arranged under this paragraph) sufficient funds to pay the cost of completion less the balance of the contract price; but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set forth in the first paragraph hereof. The term "balance of the contract price" as used in this paragraph, shall mean the total amount payable by Owner to Contractor under the Contract and any amendments thereto, less the amount properly paid by Owner to Contractor."

No such action has been taken.

Frankly, in light of the material breach by Seaside, the Borough has lost all hope that it can ably perform its contractual obligations. The Borough has also patiently awaited Hudson to take the appropriate action under its Performance Bond. No action has been taken as requested in my June 4, 2021 correspondence. (Courtesy copy attached). The Borough reserves all rights to pursue legal and equitable remedies include sanctions for inaction under the terms of the Contract. Finally, I have requested that Kelly Santosusso, Borough Clerk, schedule a Zoom Meeting for Tuesday, July 20, 2021 at 10:00 a.m. for all parties to meet and confer. Please make yourself available. I expect Mayor Houck and two (2) Councilpersons to participate along with our Director of Public Works and our Clerk. Please have decision-making personnel available to participate.

Very truly yours,
WADE LONG, WOOD & LONG, LLC


Howard C. Long, Jr., Solicitor
Haddon Heights

HCLjr

cc: Mayor and Borough Council (Via E-Mail Only)
David Taraschi, Borough Administrator (Via E-Mail Only)
Kelly Santosusso, Borough Clerk (Via E-Mail Only)
Debbie DiMattia, CFO (Via E-Mail Only)
Kyisha Lingo, BS, DCA, REHS, DHHS (Via E-Mail Only)