

**Mount Holly Municipal Utilities Authority
Regular Meeting Minutes
June 08, 2017**

The regular meeting of the Mount Holly Municipal Utilities Authority was held at 37 Washington Street on Thursday June 08, 2017; at 6:00 P.M. Chairman Thiessen called the meeting to order with the following roll call:

Present: Jules Thiessen, Chairman
Chris Banks, Commissioner
Jason Jones, Commissioner
Gina LaPlaca, Commissioner
Robert Silcox, Commissioner

Also

Present: Robert Maybury, Executive Director
Tom Coleman, Raymond Coleman Heinold, LLP
David Minchello, Rainine Coughlin Minchello, LLC; Special Counsel
Armando Riccio, Labor/Employment Counsel
Dave Skibicki, R. A. Alaimo Associates, Engineer
Joel Hervey, Operations Superintendent
Anthony Stagliano, Safety Director & Special Projects
Michael B. Dehoff, Finance Administrator/Treasurer
Brandy C. Boyington, Board Secretary

Absent:

Verification of Notice

Executive Director Maybury verified that "In compliance with the Open Public Meetings Act, this is to announce that adequate notice of this meeting was provided in the following manner: Notice of this meeting was published in the Courier Times on February 15, 2017 and the Courier Post on February 15, 2017. On Monday, June 5, 2017, advanced written notice of this meeting was posted on the Administrative Bulletin Board at the Township Building and advanced written notice of this meeting was mailed to all persons who, according to the records of the MHMUA, requested such notice."

Mandatory Affirmative Action Compliance Notice

Any contracts awarded tonight, and between now and the next meeting, the contractor, company or firm must comply with the requirements of N.J.S.A. 10:5-31 et seq. (P.L. 1975, C.127) N.J.A.C. 17:27.

Pledge of Allegiance

Public Comments on Action Items

None.

Approval of Minutes

Commissioner Jones moved for the approval of Regular Meeting Minutes and Executive Session Minutes of May 11, 2017. Commissioner Banks seconded the motion. The vote at the call of the roll was:

Absent:

Ayes: Chairman Thiessen, Commissioner Silcox, Commissioner LaPlaca, Commissioner Jones, Commissioner Banks

Nays:

Abstain:

Old Business

None.

New Business

Public Notice: Adjustments to the Rate Schedule to be held on July 13, 2017, rescheduled from June 8, 2017.

****Resolution 2017-58** A resolution approving the date change for the scheduled rate hearing.

Commissioner Jones moved for the approval of resolution 2017-58. Commissioner Silcox seconded the motion. The vote at the call of the roll was:

Absent:

Ayes: Chairman Thiessen, Commissioner Silcox, Commissioner LaPlaca, Commissioner Jones, Commissioner Banks

Nays:

Abstain:

Resolution 2017-52 A resolution authorizing professional service contract for Auditor contract number 2017-12. Executive Director Maybury stated this contract is an annual contract. This year the MHMUA only received one submission and it was from Brent W. Lee & Co., LLC. The price is the same as the previous year plus five hundred dollars. Chairman Thiessen confirmed this is the same auditor for basically the same price. Executive Director Maybury confirmed. Commissioner Jones moved for the approval of resolution 2017-52. Commissioner Banks seconded the motion. The vote at the call of the roll was:

Absent:

Ayes: Chairman Thiessen, Commissioner Silcox, Commissioner LaPlaca, Commissioner Jones, Commissioner Banks

Nays:

Abstain:

Resolution 2017-57 A resolution approving a refund to MHMUA employees. Executive Director Maybury stated in April the MHMUA received a surplus dividend check from the Southern New Jersey Health Insurance Fund in the amount of approximately \$59,000.00. About 20% of the dividend is due back to the employees, since that portion percentage is paid by the employees for their Chapter 78 medical insurance contribution requirement. Each employee will receive a future credit towards payments based on their individual contribution percentage rate. The employee portion percentage equals about \$11,000.00.

Commissioner Silcox moved for the approval of resolution 2017-52. Commissioner Jones seconded the motion. The vote at the call of the roll was:

Absent:

Ayes: Chairman Thiessen, Commissioner Silcox, Commissioner LaPlaca, Commissioner Jones, Commissioner Banks

Nays:

Abstain:

Consent Agenda:

“All items listed with an asterisk (*) are considered routine by the Authority and will be enacted by one motion. Should a Commissioner wish to discuss a consent agenda item separately, that item can be removed from the consent agenda and considered in its normal sequence.”

***Resolution 2017-53** A resolution approving the operating expenses for the month of May 2017.

***Resolution 2017-54** A resolution approving the sewer refunds for the month of May 2017

***Resolution 2017-55** A resolution approving the expenditures for the month of May 2017 from the escrow fund.

***Resolution 2017-56** A resolution approving the expenditures for the month of May 2017 from the improvement replacement fund.

Commissioner Jones moved for the approval of the consent agenda. Commissioner Silcox seconded the motion. The vote at the call of the roll was:

Absent:

Ayes: Chairman Thiessen, Commissioner Silcox, Commissioner LaPlaca, Commissioner Jones, Commissioner Banks

Nays:

Abstain:

****Resolution 2017-59** A resolution approving Executive Session for legal advice/contract negotiations, at 6:07 P.M. - Commissioner Silcox moved for the approval to go into Executive Session, Resolution 2017-59. Commissioner Jones seconded the motion. The vote at the call of the roll was:

Absent:

Ayes: Chairman Thiessen, Commissioner Silcox, Commissioner LaPlaca, Commissioner Jones, Commissioner Banks

Nays:

Abstain:

Returned to regular session at 6:40 P.M no action was taken. All Ayes to return to regular session.

****Open Session Discussion related to Safety Director Position**

Executive Director Maybury explained the Mount Holly Municipal Utilities Authority (“MHMUA”) has experienced a significant amount of growth in the past 20 years. The growth from the surrounding communities required the MHMUA to take on a significant expansion to its treatment facility infrastructure. Between 2009 - 2010, a new advanced treatment facility was constructed in Lumberton Township and improvements were made at the existing Rancocas Road Treatment Facility. The cost of the new facility and improvements to the existing treatment facility totaled approximately \$40 million and caused the annual debt service to increase from less than \$ 1 million per year to nearly \$4 million. The MHMUA had not raised rates since September 01, 2007, effective August 01, 2008. By 2011, when the new debt service payments became due, the huge increase in debt service and lack of cash flow became a problem. During calendar year 2012, the bond rating of the MHMUA was downgraded because the MHMUA didn’t have enough cash flow to pay the additional debt service and the MHMUA used debt reserve to pay the annual debt payment. On December 18, 2012, the position of Assistant Executive Director was abolished and that employee was let go to help cover some of the shortages in the budget. This produced a savings of approximately \$125,000.00, but was not enough. A rate hearing took place on June 13, 2013 to increase both usage and meter service fees in a three-tiered increase to offset the shortages. The 1st phase increase took place July, 01, 2013, the 2nd phase became effective January 01, 2014, the third and final phase went into effect January 01, 2015. The rate increase was significant and it was noticed by the customers of the MHMUA. The commissioners are under scrutiny to keep the rates as low as possible while continuing to provide compliance and customer service. One of the major responsibilities of the Executive Director is to ensure the MHMUA is utilizing the money received from the rate payers in an efficient manner. Effective October 27, 2014, a new Interim Executive Director (Robert Maybury) was put in charge of the MHMUA. The goal of the Interim Executive Director was focused on making the MHMUA a better place to work for all employees and to make it a more efficient and cost-effective operation. Robert Maybury was appointed Executive Director May 14, 2015 and has remained committed to the goal of efficiency and cost effectiveness while still maintaining the high standard of compliance and customer service. Since May 2015 and to date, there has been a reduction and also reassignments of personnel to achieve better efficiency with the available work force. There are five less employees at the MHMUA now compared to the end of 2012. Three positions have been eliminated through attrition and two have been reassigned to eliminate the need to hire additional personnel. The estimated annual salary and benefits savings to date is \$477,000.00. Eliminating the position of Safety Director will have an additional approximate gross savings of \$132,154.84 annually, with a net savings of \$92,000.00 once the safety training and compliance requirements have been outsourced. The MHMUA performed a survey of local utilities/MUA’s to determine how many have a designated Safety Director. The survey was finalized on April 13, 2017 and it identified 7 of the 24 surveyed utilities have designated Safety Directors. Out of those who are designated as such, the position of safety director is typically a subordinate position with the employee being in one of the following main roles; Superintendent, Operations Manager, GIS/Computer Network Administrator, Supervisor and Administrative Clerk. When asked about safety compliance records of Authorities or MUA’s utilizing an inhouse Safety Director as compared to those with outsourced safety training and compliance, the MHMUA’s Risk Manager stated “there is no measurable benefit to having an inhouse Safety Director.” “It’s nice, but it’s uncommon.” The prevailing best practice with Authorities and MUA’s is to outsource the function of Health and Safety Services to a company that can bring some diversified perspective to this critical task. Keep in mind that someone coming in from the outside is likely going to observe a hazard that everyday staff may not observe because the condition is no longer apparent to them as a danger because they have become accustomed to it. Certified Health and Safety Services, LLC, A local company located in Cinnaminson NJ has been successfully providing the services of safety and health to local MUA’s for 20 years. There are several local MUA’s that have been satisfied with the services they provide: Mount Laurel MUA, Evesham MUA, Beverly SA, Bordentown, Willingboro, Cinnaminson, Delran, Edgewater, Atlantic County, Gloucester County and over 45 others. Certified Health and Safety Services, LLC provides safety and health services for Passaic Valley SA which is about 100 larger than the MHMUA. Preliminary costs to outsource the required safety compliance training is estimated to be \$40,000.00 or less annually. Requests for proposals will be sent out and least two qualified companies are already prepared to respond. The estimate above is the worst case, since the Joint Insurance Fund offers many of the required training programs at no cost. A listing and details of cost savings already in effect are as follows: The Operations Manager was appointed the Executive Director in May 2015 creating an estimated salary of \$110,000.00 + Benefits (Estimated Annual Savings = \$135,000.00). The Payroll/Benefits Administrator retired August, 2016 and this position was filled by an existing employee (IT Department) at a salary of \$70,000.00 + Benefits (Estimated Annual Savings = \$90,000.00). Two Collections System Operators resigned in June and July, 2016. These two positions were filled by one existing Treatment Plant Operator with salary of approximately \$54,000.00 + Benefits (Estimated Annual Savings = \$74,000.00). One of the two Administrative Clerks from the Rancocas Road Treatment Facility

left in April, 2016, this position will not be filled with an estimated salary of \$42,000.00 + Benefits (Estimated Annual Savings = \$62,000.00). One of the four electricians left in May 2017, this position will not be filled, eliminating a salary of \$86,000.00 + Benefits. (Estimated Annual Savings \$116,000.00). Abolishing the Position of Safety Director will add to the efficiencies and savings already realized and this position will not be filled once vacated. The salary and related benefits for the Safety Director is Approximately \$132,154.84, less \$40,000.00 to outsource the required safety and related compliance. An estimated annual net savings of \$92,000.00 would be realized. Total future annual savings potential will be equal to \$569,000.00. There has been more than \$10 million of new capital projects added to the renewal and replacement list within the last three years. The additional infrastructure improvement needs have added to the millions of dollars that were already on this growing list of costly, but necessary repairs and replacements. Being efficient and saving every rate payer dollar needs to be implemented now and today. The infrastructure continues to age and the sewer usage/meter rates are not expected to be increased for many years. Chairman Thiessen thanked Executive Director Maybury. Mr. Riccio, Labor Counsel, stated at this point it makes sense to open this discussion to the Public. Mr. Riccio, Labor Counsel, explained to Mr. Stagliano, Safety Director of the MHMUA that the commissioners have afforded you the opportunity speak on your own behalf. Mr. Stagliano, Safety Director stated he has something for Solicitor, Tom Coleman and the board members and asked that it is read and made a part of the minutes. Mr. Riccio, Labor Counsel, asked that no member of the board open what was presented by Mr. Stagliano until he has a chance to review. After review, Mr. Riccio, Labor Counsel, stated that he declines the request by Mr. Stagliano, Safety Director and Solicitor Coleman confirmed. Labor Counsel Riccio asked that at this juncture the board table the matter, and allow him a brief recess, if the board wishes to go on with the rest of the agenda.

Communications

Operations Superintendent, Joel Hervey asked the board if he had permission to speak as he has a statement he put together on the Safety Director position. Mr. Riccio asked Mr. Hervey if it's generalized or directed at anything particular. Mr. Hervey responded to Mr. Riccio telling him that he could read the statement first prior to it being read publicly. Mr. Riccio, Labor Counsel, thanked Mr. Hervey for his courtesy. Mr. Riccio, Labor Counsel, addressed the board explaining Mr. Hervey's statement should be allowed. Mr. Hervey read his statement into public record, stating in the 33 ½ years he's worked for the Authority, he's probably worked with a couple hundred people and can say without fear of contradiction, Anthony Stagliano is one of the most knowledgeable, dependable and conscientious employees he's ever worked with. Anthony is an extremely valuable member of the staff and an effective Manager. Employees respect and rely on him for guidance and assistance in all types of matters, not just safety. He's created a safer, better trained and more professional workplace for every employee. There's not a single employee that shows up for work at 300 Rancocas Road or 26 Maple Avenue that hasn't benefited from Anthony's efforts. Anthony goes above and beyond the call in every instance. He's been present at every emergency where teamwork and cooperation were required to overcome a problem. Anthony's always been on hand to assist with issues and emergencies even when others who should have been there, weren't. This is a sign of his commitment to this Authority and a testament to his character. The Authority's safety program has been brought into, and kept in compliance by Anthony. Anyone working here over the past 16 years knows the contribution Anthony has made. He provides vital training to Authority personnel and maintains the safety equipment and records in top condition. He preaches safety and practices what he preaches. He always leads by example. Outsourcing is not the answer for every issue. Losing Anthony's experience, dedication and knowledge will create a void that cannot be filled by outsourcing. Authority Employees work in very dangerous conditions and hazardous situations on a daily basis. Employee safety should not be compromised or sacrificed as a budgetary consideration. This is especially true in today's environment where one serious workplace accident or injury could have such a huge negative impact on the Authority's rate-payers. Given the activity that has taken place over the past two years, I don't anticipate that my comments will have much impact on what occurs with respect to Anthony. Nevertheless, I'm compelled by my high regard for Anthony and for the safety and well-being of the rest of the treatment plant personnel to speak on their behalf. Despite information you may have received, a full-time safety officer is an absolutely essential position at this Authority and Anthony Stagliano is the best person for the position. Mr. Thiessen thanked Mr. Hervey and closed the communications section of the meeting.

Matters to be presented by the Public

None.

Report of the Executive Director

The report of the Executive Director was received. Executive Director stated he had nothing additional.

Report of the Engineer

The report of the Engineer was received. Mr. Skibicki stated he has an update, the design for High Street Reconstruction has started and we expect to have specs back and for review for the MHMUA by the end of the month.

Report of the Operations Superintendent

The report of the Operations Superintendent was received. Mr. Hervey stated the report submitted is short on information because of the timeline for the board meeting and the information will be added to next month's report.

Report of the Safety Director and Special Projects

The report of the Safety Director and Special Projects was received.

Report of the Solicitor

None.

Report of Finance Administrator/Board Treasurer

The report of the Finance Administrator report was received. Mr. Dehoff stated he had nothing to add.

Other New Business

None.

Matters to be presented by Commissioners

None.

****Motion to Suspend Regular Meeting till 7:15P.M.**

Commissioner Jones motioned for the suspension on the regular meeting and to return to regular session at 7:15 P.M. Thursday, June 8, 2017 to allow Mr. Riccio, Labor Counsel, time to review the submission from Mr. Stagliano. Commissioner LaPlaca seconded the motion. The vote at the call of the roll was:

Absent:

Ayes: Chairman Thiessen, Commissioner Silcox, Commissioner LaPlaca, Commissioner Jones, Commissioner Banks

Nays:

Abstain:

Chairman Thiessen motioned to return to regular session at 7:15 P.M.

Mr. Riccio, Labor Counsel, thanked the board for their patience and explained he needed to sort through the submission from Mr. Stagliano. Mr. Riccio asked the board to table this matter until the next public meeting, at which point Mr. Riccio hopes to have looked through the material and taken appropriate action necessary and be able to advise the board accordingly. Chairman Thiessen asked if we need a resolution to table this matter. Mr. Riccio confirmed.

****Resolution 2017-60** A resolution to table the discussion of the Safety Director position.

Commissioner Silcox moved for the approval to table the discussion of Safety Director Position Resolution 2017-60. Commissioner Banks seconded the motion. The vote at the call of the roll was:

Absent:

Ayes: Chairman Thiessen, Commissioner Silcox, Commissioner LaPlaca, Commissioner Jones, Commissioner Banks

Nays:

Abstain:

Adjournment

Commissioner Jones moved for adjournment. Commissioner LaPlaca seconded the motion. Chairman Thiessen adjourned the meeting at 7:16 P.M.

Respectfully submitted,

Brandy C. Boyington, Secretary