

## West Milford Municipal Utilities Authority, West Milford, New Jersey

Minutes of:

Date of Meeting:

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Business Meeting

July 24, 2012

7:00 P. M.

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### ADEQUATE NOTICE STATEMENT:

Please note that in accordance with Chapter 231, Public Laws of New Jersey, adequate advance notice of this meeting was sent to the Herald News on December 18, 2011 and to the Township Clerk for posting in the West Milford Town Hall.

### Agenda Item I

#### ROLL CALL -

Commissioners: C. Hardy, R. Heres, E. Spirko, L. Monico, W. Bassett,  
Alternates: P. McGill, D. Ofshinsky  
Professionals: L. Thompson, E. Williams, N. Murphy, M. Huber  
Staff: K. Love, T. Blauvelt

### Agenda Item II

#### PUBLIC SESSION:

- No public present
- A motion was made to close the public session portion of the meeting at 7:02pm.

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Motion: Spirko Seconded: Bassett  
Voted Aye: C. Hardy, R. Heres, E. Spirko, L. Monico, W. Bassett,  
Voted Nay: None  
Abstain: None  
Motion Carried  
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### Agenda Item III

#### OPERATORS REPORT:

- Mr. Williams reviewed his report to the Board:
  - Mr. McGill asked Mr. Williams when the parts for Awosting UV and Olde Milford will be coming in. Ms. Love commented that two items were backordered.

### Agenda Item IV

#### LABORATORY REPORT:

- Mr. Huber reviewed his report to the Board:
  - Mr. Huber reported he met with Ms. Love and Mr. Williams. He is working on O&M requirements. Mr. Huber located some well records, finished water storage plans and answered composite requirements from Mr. Bolka. Mr. Huber found a hole in the roof over at Greenbrook and explained to the Board that some places need ventilation. Also, remnants of gas cylinders were found at PK and OM which need to be removed.
  - Mr. McGill announced he has made a subcommittee with Mr. Bassett to deal with compliance issues. Mr. McGill and Mr. Bassett would like to talk with Mr. Huber regarding compliance issues. Mr. Huber stated that Ms. Love has his contact information.
  - Ms. Hardy and Mr. Heres stated they would like to meet with Mr. Huber to discuss the contract proposal.

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### Agenda Item V

#### **ENGINEER REPORT:**

- Mr. Murphy reviewed his report to the Board:
  - Mr. McGill asked about the outstanding balance due for Bald Eagle Village. Mr. Murphy stated the \$6,350.00 was a missed invoice and the contractor had asked for payment in full.
  - Mr. McGill inquired about the status of the generators. Mr. Murphy will get inspection reports.

### Agenda Item VI

#### **DISCUSSION / ACTION ITEMS:**

- DEP Inspection Responses Review:
  - Ms. Love announced she had sent the first set of responses back to the DEP.
  - Ms. Hardy stated there was a subcommittee put in place for violations.
- JES Contract:
  - Mr. Heres reported that for about 4 to 6 weeks ago he met with JES to discuss their contract along with Ms. Hardy. They came to agree upon a 12% savings and a 2 year extension. Mr. Heres and Ms. Hardy announced they are very pleased with JES performance. Mr. Bolka was also very satisfied. Mr. Monico asked if you have to go out for public bid. Ms. Thompson advised it is an extension. Ms. Hardy read the resolution.
- A motion was made to approve JES Contract.

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Motion: Spirko                      Seconded: Heres  
Voted Aye: C. Hardy, R. Heres, E. Spirko, L. Monico, W. Bassett,  
Voted Nay: None  
Abstain: None  
Motion Carried  
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- Agra Contract:
  - Mr. McGill and Mr. Bassett, the violation subcommittee, will be meeting with Agra to discuss their contract.
- Hess Contract:
  - Mr. Heres announced he has been working with Hess to discuss cost savings. Currently the MUA is paying 9.32 cents per kilowatt; Mr. Heres negotiated a price of 6.12 cents per kilowatt which is a 34% savings for 12 months. Mr. McGill asked what the difference between 12 and 24 month contract is. Mr. Heres said the rate for 24 months is higher. Mr. McGill stated he would like the 24 month because it is only a \$.16 cent difference and he would like to lock it in.
  - Mr. Heres asked for a motion to approve in advance for 6.12 cents per kilowatt and if it is priced higher he will come back to the Board.
  - Mr. Monico inquired about usage. Mr. Thompson stated the information on usage is in the contract the Board members got in their package.
  - Mr. Spirko asked about any additional fees and if they will still apply. Mr. Heres said the price is only for negotiated kilowatt. We will still receive a bill from Orange and Rockland with fees. Mr. Bassett stated this is a tough call.



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### Agenda Item X

#### COMMISSIONER'S REPORT:

- Mr. Spirko asked if OM STP and AW UV are still off line. Ms. Love said yes they are still off line as the parts needed are backordered.
- Mr. Bassett said after reading the DEP reports there has been a lot of issue regarding the missing O&M reports. He also noted safety concerns, such as wiring, grading, water leaks, and house keeping. Mr. Bassett said Agra's reports were more informative.
- Mr. Ofshinsky had nothing to report. He is still working on internal control issues and financial issues.
- Mr. Monico inquired about the responsibility of treasurer in the by-laws. Mr. Monico would like it further defined as to what his responsibilities are. Mr. Monico also stated he needs cooperation; he has been trying to look over the financial reports for months and has had no help. Mr. Spirko addressed Mr. Monico's concern regarding the by-laws. The by-laws are general, if there is more detail it could go on forever. Mr. Spirko feels the Board is okay with by-laws. Ms. Hardy addressed Mr. Monico's other concerns. She stated there was a professional audit done for 2011. She stated Mr. Monico had many questions in regards to vouchers and paychecks all through 2011. She noted Mr. Monico was in the office for two days looking over and making a list of check numbers which were questionable. Ms. Hardy stated that after the list was created it was sent over to Mr. Cuva's office. Mr. Cuva responded with a 110 page email on April 21<sup>st</sup> answering all Mr. Monico's specific questions. Also, Ms. Hardy stated there have been some improvements made such as dual signatures on the payroll account and timely deposits for checks. Ms. Hardy says coming in to 2012, the vouchers from February to the end of June were pulled and given to Mr. Monico for review. On July 13<sup>th</sup>, Mr. McGill and Mr. Monico sat in the office to look over the vouchers. Ms. Hardy stated that at the end of the day, there was one question that still remained, the \$3,200 that was paid to the Trustee. Mr. Monico stated payroll vouchers were for actual versus for budget. Ms. Hardy emailed Ms. Love on Monday July 16<sup>th</sup> in regards to the questions asked by Mr. Monico. On Tuesday, Ms. Hardy received an email from Mr. Monico that demanded he had not gotten an answer. Ms. Hardy was very offended by his email. Mr. Monico stated he did not demand. Ms. Hardy stated that Mr. Monico got an answer on Wednesday. Mr. Monico asked what was the answer? Ms. Hardy replied, there are 12 accounts and the page Mr. Monico is referring to is one. Mr. Monico said there are not 12 accounts. Mr. Monico stated the reason he went into the office was look over the vouchers to see where expenditures were going for the actual versus budget. Ms. Hardy announced now, Mr. Monico is requesting an in-house audit of the payroll. Ms. Hardy states though she respects Mr. Monico's determination but this is a time consuming, expensive task and feels that the auditing of every single transaction is unwarranted. She says it is an unwarranted distraction when the MUA pays a professional to audit once a year. Ms. Hardy proposed that Ms. Love put together all the paperwork that Mr. Monico needs for the month of June for the payroll account and the bank reconciliation. Mr. Monico asked whether it is his responsibility. Ms. Hardy said you don't have to do it if you don't want to. Mr. Monico said all he wants to do it verify the finances. Ms. Hardy stated it's over kill. Mr. Spirko asked to make a comment. Mr. Spirko said he felt that Mr. Monico was looking to audit a bunch of pieces of paper. Mr. Spirko stated that as a treasurer, the way he has seen other people operate, is more looking over the big picture and looking for individual problems then maybe ask some questions. Mr. Spirko asked Mr. Monico what brought him to these concerns where he needs to see all the reconciliations. Mr. Monico stated he just wanted to verify flow of money. Mr. Spirko said it sounds like a complete audit. Mr. Spirko asked Ms. Hardy if he understands correctly, Ms. Hardy responded you are absolutely right. Ms. Hardy told Mr. Monico that she will give him the month of June but after that it is over and we need to move forward. Ms. Hardy stated to continue to look for improprieties when to date none were found goes on and on and on is wasting everyone's time. We have to move

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forward to what is really important. Mr. Heres asked Mr. Monico what he has found so far. Mr. Monico stated that prior to becoming a commissioner he has received a lot of documentation through OPRA requests. Mr. Monico said he found a problem with personal mileage submission and stated it did not meet IRS standards. Mr. Monico announced that upon the submission of mileage there needs to be back up documentation. Mr. Monico said he submitted a proposal and spread sheet which is now being used so it took care of the issue. The next issue Mr. Monico stated was in the payroll account, which was information he said was not given to him from anyone, it was documentation he had been given through an OPRA request. Mr. Monico said the payroll account was being used for things other than employee payroll; there were a number of checks which were being issued and when he first met with auditor Mr. Cuva he said payroll should be strictly used for payroll. Mr. Monico said it was an internal control issue where there was only one signature on the checks, but it was fixed after two signatures were required. Lastly, Mr. Monico stated there was an issue with the on-call policy, after reading it, he felt it did not seem right the way the individual was charging the time. Mr. Monico said he submitted a proposal for the on-call policy and is unsure if it was changed. Mr. Monico looked up the on-call policy in Civil Service and the State and found it conflicted. Mr. Spirko stated that if there is policy that a commissioner is not comfortable with, you have the authority to propose it and revise it. Mr. Monico stated he submitted a proposal to change the on-call policy and is not sure if it was done. Ms. Hardy stated that on-call was eliminated and when the administrator was on vacation she was the point of contact. Ms. Hardy told Mr. Monico this has got to stop, if he wants to do payroll for June, do payroll for June, but then stop looking for things that are not there.

- Mr. Ofshinsky commented that the issue with internal control is due to short staff and there being a lack of oversight, so he suggested that if someone reconciles the account and another person checks it over and signs off on it, there will be less of a burden and no need to hire extra personnel. Ms. Hardy replied that before the office staff does anything further for any Commissioner, the main priority is to focus on the glitch in the billing program and the budget to actual. Ms. Hardy stated she did not want anyone to feel as though they are being pushed aside, there is just an order which needs to be followed. Mr. Monico said he has been asking for financial documentation for a while. Ms. Hardy responded there has been plenty of documentation that was given to him. Ms. Hardy referred to Mr. Monico's concern regarding a laptop computer and a coffee machine. Mr. Monico denied such concerns. Ms. Hardy stated she received three pages of questions from Mr. Monico all of which have been answered. Mr. Monico said if you do not want me to over look the accounts, I will not do it. Ms. Hardy replied she just wanted Mr. Monico to relax. Mr. Spirko address Mr. Monico and said that he asked a lot of good questions and got answers, but maybe just a little more patience is needed. Ms. Hardy commented it might be better if Mr. Ofshinsky was treasurer, but she is not a dictator. She added Mr. Ofshinsky came on Board after Mr. Monico, but he has the qualifications. Mr. Monico said it will stop. Lastly, Ms. Hardy said we all need to work as a team and have mutual respect for one another.
- Mr. Heres spoke regarding Winbill training and getting caught up to speed, he is looking into new systems as well, such as backing up all the current systems with an outside source.
- Mr. McGill reported he is creating a Compliance Master List.
- Ms. Hardy had nothing to report.

### Agenda Item XI

#### ADJOURNMENT:

- There being no further business before the Board, the meeting was adjourned at 8:38pm.

Motion: Ofshinsky Seconded: Bassett  
Voted Aye: C. Hardy, R. Heres, E. Spirko, L. Monico, W. Bassett,  
Voted Nay: None  
Motion carried.