

# What's Going On Issue No. 1

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Carol Hardy, I'm here first, on behalf of the West Milford MUA users, and also as Chairperson for the Commissioners. Thank you for your invitation to report to you tonight on the State of the MUA.

When the previous Commissioners resigned, it was foremost in all our minds, as to whether or not something fishy was going on within the MUA. The Administrator has had an enormous amount of extra work, with orientation of seven Commissioners at one time; especially because we are all pro-active, rather than just an advisory Board. We are participating in plant tours, meetings with professionals and asking for paperwork backup beyond the norm, which has overloaded the office staff, who were already burdened with personnel challenges. We are verifying, checking and double-checking; one question leads to another question. The resignations of the prior Board affected the Administrator as well as the users. The bottom line is that there ARE changes to be made with internal controls and management that will have a positive effect, but we have found nothing improper. Through all this, we have had the Administrator's support, and I personally see a very hard-working woman in the office.

When coming on board, we understood there was an option on the table for this MUA to apply for another NJEIT loan to make improvements. The viability of this option came into question during our first meeting with the DEP. We were referred to the Trust directly, to discover that while our credit rating is good, our loan to debt ratio will not permit another loan. So be it. More loans mean more debt.

So, for the **PRESENT** we have to deal with what we've got.

**Our first priority** is the money. How can we get the best value for our dollar, while maximizing the performance of the facilities? We are looking at the procedures of the past so we don't repeat unsuccessful methods, while trying to come up with creative, productive ideas for maximizing operation, maintenance and internal controls.

To achieve this goal we have broken down into twelve sub-committees comprised of two Commissioners each. We each have to work on more than one Committee. Telling you about the committees will give you an idea of how we will protect the money and the interests of the users.

**Budget Committee is Mr. McGill and Monico:** The goal is to review and understand the budget with an eye for reducing and tracking costs.

At the meeting of April 10<sup>th</sup>, we made a motion to table the adoption of the draft budget. We needed time to review the expenses shown for a full understanding of each line item. To show our commitment to change, we waived the Commissioners stipends for meeting attendance for the 2012 fiscal year. We reduced the travel and conference budget and other line items, such as printing and overtime.

The result is that on May 8, one month later, we approved a revised budget that held the **total Operating Costs (excluding debt service) to last years levels.** This allows the additional revenue generated by the rate increase to go into only two items: 1) System improvements, and, 2) The increased debt service (due to the new Awosting plant, BEV improvements and the Sludge Truck acquired from the NJEIT loan.)

It will be a challenge to hold to this aggressively tight budget. It is being sent in to the State and will be on the website as soon as it is approved at the State level.

**Operations Committee is Mr. Heres and Bassett:**

One question for the Operations Committee to answer was:

- 1) How can we be sure our operator is doing his job? The new operator has been very cooperative with the Commissioners and demonstrated a sincere effort to work with us. The good news is: We have lab test results that show a steady improvement from our facilities. Our initial meeting with the DEP verified that the plants have shown improvement since last summer. DEP had a sewer inspection yesterday and although there is much work to be done, the inspector again, complimented our operator.
- 2) We will have a water inspection on June 4<sup>th</sup> and will report on those findings in August. Other logical questions are:
  - A. How can we reduce expenses and not jeopardize what appears to be forward motion.
  - B. Do we pay the Engineering price to re-bid our service contract?
  - C. Will this give us a better price, or not?
  - D. Will it give us better service, or not?
  - E. Do we hire in-house employees?
  - F. Is it fair to hire if we have selling or privatizing on the table? And finally,
  - G. Can we negotiate successfully with our current service provider?

We have some answers, but Operation negotiations are a sensitive work in progress. We will report the outcome in August.

**Capital Improvement is Mr. Heres and McGill:** A Capital and Operating plan was developed by site evaluations and consultations with our engineer and contract operator. We have prioritized a number of improvements based on the available funds and projected them over the next two years. This plan is incorporated into a draft ACO that is being sent to the DEP this week. If it is agreed to, we can then continue to project a plan for the next ten years. Having met with the DEP, we have an understanding that communication with them will be on-going.

**Internal Financial Controls is Mr. Ofshinsky and Monico:** The goal is to develop solid controls that are documented, and comply with laws, and make sure there is nothing inappropriate occurring. This is an on-going process. An integral tool will be the annual audit which will be completed within a month. One change we already made by resolution, was to have two signatures on the payroll account, where there had been only one.

We have committees for Technology, Analyzing Rates, Insurance Controls, Debt Management, Asset Management and Bylaws. Feel free to ask questions about the goals for these committees later.

**Personnel/Staffing is mine, along with Mr. Spirko:** By obtaining job descriptions, and verifying whether or not essential tasks are being accomplished efficiently and professionally, we will see if we need to restructure and/or reorganize the current office staff. We are examining the compensation and benefits of current personnel to see how change can fit into the budget. How do you do this?

As I said, the Commissioners need a lot of information and data from the office in order to do their assigned tasks. To keep from duplicating requests, we decided to filter questions through me, as I have a complete office set up adjacent to my home. In this way, I have learned a lot about how the MUA operates, without having to be in the way at the office every day. This has been a full time job for the past ten weeks. I have met with our laborer and coordinated a clean-up effort at the various facilities. Although the DEP is interested in lab reports and outfall I am confident our clean-up effort will not go un-noticed.

I'd like to speak to our most immediate challenge. The quality of drinking water provided BEV is the top user priority for the MUA. The patience of the residents has been beyond belief. The MUA has identified a remediation plan consisting of treating the water at the entry point of the water distribution system by replacing filter media. This is a necessary and expensive move. A flushing program will follow to remove the iron from the piping system. We will have operational

procedures established so there is no interruption of service for the residents of BEV.

**This is the present. But, what about the future of the MUA.** One option the Mayor brought to our March 26<sup>th</sup> meeting was that her discussions with the DEP included sale of the MUA. We ALSO had this discussion with them. It was suggested that to sell the MUA, the debt may need to be assessed to users separate from the service bill. We are curious how this would impact the resale value of our homes. If our home value decreased, would that lower our Town tax? So, we need to examine the pros and cons on this option thoroughly. To start the process, we met with Bond Counsel, our Auditor and Attorney yesterday. It seems the legal issues that are quite extensive.

There is a another option: To re-examine consolidation that was proposed years ago in this Town before the Highlands Act protected use of our facilities by further development. We can't ignore this option because there is no easy fix.

For now, there is no other money coming, we have to tighten the belt and hope that time and patience will ultimately prevail. The Capital Improvement Plan which we put in the ACO's using the resources available is something that we will begin immediately.

**One final committee is Communications, which is mine:** I am anxious to add a newsletter to the web-site that will be called, "What's goin' on." This newsletter is intended to keep the users informed in simple language, improve public relations and encourage participation by the users.

Actually, through all the difficulties that BEV has had, they have taken a step on their own to help spruce up some of the buildings showing age. They will be repairing a split rail fence around the STP and doing power washing and painting.

Our Administrator put together a plan with Eagle Scout Sean O'Callahan from Troop #14, to spruce up the fire hydrants in Olde Milford.

We will be reaching out for more help. As a matter of fact, I would make this plea to the public tonight: Our laborer's truck just broke down for the third time this year. If there is anyone out there that could see their way clear to donate a vehicle, your help is sorely needed.

As volunteers ourselves, this kind of support is encouraging. You asked for copies of minutes. We approved the minutes through the April 10<sup>th</sup> Workshop last night and they will be going on our web page soon. We have reduced the budget for printing and supplies, so we ask you get them from there.

As the website develops, we hope to reduce the number, and cost associated with OPRA requests. As I stated previously, once we get the budget back from the State, it will be on there as well.

These sub-committees were formed on March 26<sup>th</sup>. It seems like half a year of work has happened in no-time-flat. Everything is a work in progress as things are happening and changing every day. When I submitted my resume' to this Council, I said, "if I can count on your support, then I hope you accept my resume'." You did accept it. Tonight, I am asking for your support. We need your help. SO IN CONCLUSION the question for you from the MUA Commissioners is: **Would the Council appoint a committee of two members, to sit with two of us to discuss the sustainability and future of the MUA.**

### **END of presentation**

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#### NOTES FOR YOUR INFORMATION

**Technology is Mr. McGill and Spirko:** Improving office technology will aid financial controls and increase personnel efficiency.

**Rate Analysis Mr. Heres and Ofshinsky:** We compare our rates with other MUA's but we should also be comparing our costs with folks who have their own septic and well. Due to all the variables, this is an on-going analysis.

**Insurance Controls is Mr. McGill and Spirko:** Who will be reviewing the loss control report and health coverage plans.

**Debt Management is Mr. Ofshinsky and McGill:** We met with Bond Counsel to discuss managing our debt. The MUA has very low interest rates on the public debt and NJEIT loans, so renegotiating the rate is not a viable option. Extending the loan term will lower the debt service, but will increase the overall cost of the loan. Our auditor has been asked to prepare a financial assessment for review with Town Council and State Officials to discuss the future of the MUA.

**Asset Management is Mr. McGill and Monico:** Who are working on a 5/10 year plan, inventorying assets, finding out where they are now and estimating life expectancy for capital planning purposes.

**Bylaw Committee:** The bylaws have not been revised since the MUA was organized in 1964. Although this is not a priority, it will be done this year.