

COUNCIL MEETING MINUTES – SEPTEMBER 15, 2014

The meeting of the Township Council of the Township of Lower, County of Cape May, State of New Jersey was held on September 15, 2014 at 6:00 p.m. in the meeting room of the Township Hall, 2600 Bayshore Road, Villas, New Jersey.

The Clerk announced that the meeting was being held in compliance with the Open Public Meetings Act and that adequate notice of the meeting had been provided according to law.

The following members of Council were present for roll call taken by the Clerk:

Councilmember Thomas Conrad
Councilmember James Neville
Councilmember Erik Simonsen
Deputy Mayor Clark
Mayor Michael Beck

Also present: Michael Voll, Township Manager, Ron Gelzun, Township Solicitor and Karen Fournier, Clerk's Office

Work Session

MUA Presentation - Manager Michael Voll

Manager Voll introduced a panel of experts to answer any remaining questions regarding the LTMUA dissolution. Professionals included Chief Financial Officer Lauren Read, Public Works Director Gary Douglass, Labor Attorney Bill Blaney, Township Solicitor Ron Gelzun, Bond Counsel Jeff Winitzky, and Independent Auditor Robert Swartz. Manager Voll gave a summation of the findings, starting with the unanimous request from Council for the investigation on February 3, 2014, and closing with the unanimous approval from the NJ Local Finance Board on July 16, 2014. He covered all aspects of concern, dispelled the rumors, provided the facts, and called it a win-win-win situation for everyone involved, including the rate payer, the tax payer and the LTMUA employees. He discussed his plan for integrating a water and sewer utility into the Township Public Works Department. He assured that all objectives have been met, primarily the potential for significant monetary savings. He strongly suggested that Council move forward with dissolution.

Bond Counsel Jeff Winitzky discussed his role in advocating on behalf of the Township in front of the Division of Local Government Services. He discussed the lengthy process and affirmed that the Township provided a very detailed analysis and fully satisfied the statutory requirements in their initiative to dissolve the LTMUA. Manager Voll clarified that if dissolved, all of the current employees of the LTMUA will be hired within the township. Mr. Winitzky informed that even with the opposition from the LTMUA, the Local Finance Board unanimously agreed and encouraged the Township to proceed with dissolution.

Manager Voll asked Robert Swartz to give highlights from his report.

Mr. Swartz explained in detail that the million dollars savings was estimated quite conservatively, starting with the 2014 budgets that the LTMUA had developed. He offered a breakdown of savings, including \$657,808 in administrative costs, and \$333,318 in operating costs, totaling \$991,126. This figure does not including savings for insurance, equipment costs, and the ability to fund projects without the necessary expense of approval from the Local Finance Board. In addition, the Township has the ability for future potential savings with the sale of the current public works property. Mr. Swartz also revealed that Thomas Neff, Director of the Local Finance Board, shared his belief that the savings could be more than a million dollars.

Manager Voll reminded that tonight's decision involves dissolution; however he communicated his plan for moving Public Works over to the LTMUA property, with Council's affirmative vote.

Jeff Winitzky clarified that the Township agreed, as stated in the ordinance that any revenue generated by the newly created utility fund will remain with that utility fund for the sole purpose of stabilizing rates.

Manager Voll invited Labor Attorney Bill Blaney to explain the civil service transfer.

Bill Blaney confirmed that the interlocal transfer authorized by civil service would allow current LTMUA employees to transfer over to the Township with the same job titles, rights and benefits as they currently hold. Because the LTMUA is not unionized, there may be some minor union matters to work through.

Councilmember Conrad had no additional questions, as he received information from Manager Voll prior to the meeting.

Councilmember Simonsen asked Manager Voll if he had spoken with other municipalities that have gone through the process. Manager Voll affirmed that he would inquire when needed. Councilmember Simonsen asked about contacting the leadership of the LTMUA. Manager Voll discussed the problems that exist at the LTMUA and denied being contacted by any commissioners about dissolution. A discussion about engineering services followed. Councilmember Simonsen asked Robert Swartz if shared services could resolve current issues at the LTMUA without the Township incurring more debt. Mr. Swartz informed that some, but not all services could be shared. Mr. Swartz validated his analysis, at the enquiry of Councilmember Simonsen. Mr. Winitsky communicated that approval from the Local Finance Board would not have been obtained if shared services were a solution. Mr. Swartz added that the Local Finance Board agreed that all debt would be self-liquidating. Councilmember Simonsen inquired about the cost for additional hires and added workloads for Township employees. Mr. Swartz informed that costs would be minimal in comparison to the amount of savings.

Deputy Mayor Clark directed his question to Mr. Winitsky as to why a utility authority would dispute this. Mr. Winitsky attributed the resistance to change. He spoke of the uniqueness of opposition, particularly with such a significant savings projected. He admitted that this was the first time that he has appeared before the Local Finance Board where there was direct opposition.

Manager Voll addressed Councilmember Simonsen's concern about additional costs. He informed that the finance department and the public works director may be compensated for additional work, but the amount will be reasonable. He stated, for the record, that he does not expect more money; he wants what is best for the township.

Deputy Mayor Clark discussed the human aspect and assured that only the two positions that are currently vacant at the LTMUA will not be filled, all other employees will retain their jobs. Manager Voll confirmed the information. Deputy Mayor Clark underscored the LTMUA's suggestion that the Township take a portion of their surplus. He then reminded that it was the Township's idea to place a condition on the ordinance prohibiting such action. Mr. Winitsky confirmed that information to be true.

Mayor Beck discussed the Township's assumption of LTMUA debt and assured that the Township is not taking on new debt. He explained that the Township, as the parent authority of the LTMUA, is responsible for their debt by default. Mr. Winitsky further explained, by definition, the term self-liquidating debt. Mayor Beck highlighted the benefits and savings that will be accomplished from dissolution. Mr. Winitsky agreed that it will simplify the process.

Councilmember Simonsen asked if the debt will have to be paid back. Mr. Winitsky explained the process and stated that the LTMUA revenue will become part of the newly created utility; therefore the Township will not be incurring new debt.

Mayor Beck confirmed with Mr. Winitsky that dissolution can be classified as the ultimate shared service. He also described the problems that could result from shared services without dissolution. Mayor Beck brought attention to the fact that every member of Council was present at the February 3, 2014 closed session meeting where they unanimously consented to the request for information regarding the financial situation and what savings could be accomplished if the Township decides to look into dissolution of the LTMUA.

Ordinance #2014-08

Bond Ordinance Authorizing the Assumption of Responsibility For and Payments Of the Lower Township Municipal Utilities Authority's Outstanding Debt in A Principal Amount Not to Exceed \$17,873,521 by the Township of Lower, County of Cape May, NJ; Making Certain Determinations and Covenants; and Authorizing Certain Related Actions in Connection With The Foregoing - 2nd reading and public hearing. This Ordinance has been published, posted on the bulletin board and made available to the public.

Don Embs, Lower Township, asked what LTMUA employees will be transferred to the Township. Manager Voll clarified that every employee will keep their position. Mr. Embs inquired about licensed jobs. Manager Voll reiterated that they will also keep their positions. Mr. Embs expressed concern about pollution on the public works property. Public Works Director, Gary Douglass informed that the state recently conducted an environmental study, whereby the Township received clearance.

Jessie Matsinger, resident and LTMUA employee, asked what the cost will be to move public works to the LTMUA property. Manager Voll discussed what will be involved, but reminded that this is a separate issue that will be decided on later. Mayor Beck indicated that the Township's intent to dissolve the LTMUA is to save money, not to move Public Works. Mr. Matsinger expressed concern about future Councilmembers attempting to change the ordinance to enable the Township to receive LTMUA surplus. Mr. Winitsky assured that it would have to be approved by the state, not just Township Council, and it would not be well received. Manager Voll reminded of the testimony given by the LTMUA at the Local Finance Board and the Township's request to add a restriction to the ordinance prohibiting the same. Mr. Matsinger voiced his concern for the future of his children in Lower Township. Mayor Beck reiterated the potential savings that could result in rate stabilization. Deputy Mayor Clark touched on the advantages of transparency when eliminating shadow governments. Mr. Matsinger suggested that all aspects of spending be researched before making a decision.

Steve Sheftz, resident and LTMUA Board Member, addressed Council with concern about dissolution. He spoke of his background as an engineer and his service to the Township. He provided examples of other dissolutions that resulted in failure. He refused to support this dissolution.

Robert Basco, Sr., 224 W. Atlantic Avenue, inquired about the wording on the application to the Local Finance Board. Mayor Beck clarified the misinterpretation in the wording. Mr. Basco also asked about duplicative services. Manager Voll explained that the duplicative services are the professionals and the two vacant positions at the LTMUA that do not need to be replaced. He and Mr. Basco exchanged words about privatizing services. Mr. Basco voiced his opposition to dissolution.

Janet Pitts, resident and ratepayer, thanked the panel for their professionalism in dealing with the contention. She asked for reassurance that the level of service will not be impacted with dissolution. Manager Voll reassured that the same qualified employees will continue to provide the same service.

Herb Bash, 103 Bayridge Road, expressed doubt about the continued level of service. Manager Voll reaffirmed that the transition will be seamless with qualified personnel.

Brian O'Connor, LTMUA Board Member, compared the environmental responsibilities of the Township and the LTMUA for treating dirty water. He spoke about required best practices and presented a study with the intent to prove the Township's neglect in caring for its own infrastructure. Mayor Beck defended the Township, stating that the problems were inherited from many years ago and are being addressed. Discussion ensued. Mr. O'Connor insisted that the Township cannot take care of the LTMUA. Mayor Beck disputed the comments with a reminder about approval from the state.

Manager Voll commented on a recent LTMUA meeting where Mr. O'Connor admitted to not having a five year plan in place. Mr. O'Connor disagreed.

Mary Reader, Villas, asked Mr. Winitzky how many dissolutions he has been involved with. Mr. Winitzky replied "four". Ms. Reader requested clarification about the offer from the LTMUA to give the Township a portion of their surplus. Deputy Mayor Clark explained. She referred to comments made about wasting a million dollars, and the accounting system of the LTMUA.

Bridget O'Brien, Erma, inquired about which budget will pay the salaries of the current LTMUA employees. Manager Voll informed that the salaries of the current LTMUA employees will come out of the utility account, separate from the Township. She suggested that Township employees must not have enough work if they are able to absorb additional workloads of the authority. She also made accusations about the Public Works Department.

Deborah Dunhour, resident, expressed disgust with the volatile nature of this issue and suggested the Township allow the voters to decide. Councilmember Simonsen stated that he tried, but it was turned down.

Joe Garvin, 35 Mimosa Drive, asked about a job guarantee for the LTMUA employees that transfer over to the Township. Manager Voll informed that they are covered under NJ Civil Service. A discussion emerged about Class II police officers. Mr. Garvin also inquired about pensions. Manager Voll reiterated that everything will transfer over. Labor Attorney Bill Blaney affirmed that the pension system is the same.

Fran Fletcher, Villas, presented the question about layoffs if the utility gets sold. Mayor Beck insisted that the Township is not privatizing. Deputy Mayor Clark validated the point by adding that the LTMUA would have an easier time privatizing; therefore the utility is better protected from privatization under the Township's authority.

Jack Sparks, MUA Commissioner, spoke about Mayor Beck's allegiance against layoffs, and reminded that Lower Township has remained faithful to that, even in the toughest of times. Mr. Sparks shared compassion for those concerned about losing their jobs, but he also revealed that the Republican Party petitioned their people to be present tonight to voice objection. Councilmember Conrad commented that the Independents are dragging politics into this again. Mr. Sparks insisted that this issue, if rejected tonight, is not over. He confidently stated that the election will determine the future of the LTMUA. Councilmember Conrad pointed out that one full time clerical employee of the LTMUA will not retain her position, as well as a few part time positions that are paid by an outside agency.

Frank Simonsen, resident, advocated on behalf of the voters to have a referendum question on the ballot. He asked Councilmember Simonsen if that was ever discussed amongst Council. Councilmember Simonsen affirmed that it had been suggested, but denied. Mayor Beck reminded that Council voted unanimously to examine the dissolution issue. He pointed out that many of the people objecting tonight have ties to the LTMUA and although he is not without compassion for their concerns, the majority of Township residents support saving a million dollars. He believes the greatest referendum will be revealed with the election results. He vowed to support the information provided by the professionals. Mr. Simonsen questioned the validity of that information based upon Mr. Sheftz comments. Deputy Mayor Clark revisited the list of wrongdoings by the LTMUA. Mr. Simonsen expressed his discontent with the way the Township has handled this.

Sharon Otto, resident and office manager of the LTMUA, brought to Council's attention that two part-time employees and three ETS personnel at the LTMUA are Lower Township residents that will be laid off.

Robert Rizzo, resident, exclaimed that he had heard enough and urged Council to vote.

Rosalie Gallagher, Springtime Road, stated that she supports the dissolution and saving a million dollars. She professed her trust in Council to keep their word, and thanked the professionals for a job well done.

Steve Morey, resident, expressed his concern about politics interfering with important decision making on things like capital infrastructure. Manager Voll informed that an in-house engineer will soon be hired to manage the projects, taking the politics out of decision making.

Melissa Roy, Erma, announced that she is against the dissolution of the LTMUA.

Ed Butler, Villas, voiced his disappointment with the opposition. He stated that the LTMUA Board Commissioners had an opportunity to handle matters on their own, but because they did not, their problems were brought to light. He revealed that dissolution was recommended in 2001, and Mr. Sheftz voted in favor of it as a board commissioner. He accused Council of appointing incompetent board members, driven and governed by politics. Councilmember Conrad denied the charge, stating that the last four Republican board members were appointed by Independents. On behalf of the ratepayers and taxpayers of the Township, Mr. Butler disagrees with the objections.

Betty Somers, 200 W. Atlantic Avenue, complained about the residents that only come to the meetings with self-interests, not because they care about the township. She also commented on today's job market offering no guarantees; therefore Council can't be held responsible.

Councilmember Conrad stated that he has been against dissolution for a long time. His main concern is the payment plan option for the residents who still have to connect to city water. He spoke about the disadvantage to the Township's payment plan option which only benefits the primary homeowner. He disputed the Township's argument for stabilizing rates, stating that the LTMUA has done that for five years. He remained firm in his opposition for the residents in his Ward.

Councilmember Neville validated the areas of dissolution that have caused the most concern, particularly with the LTMUA employees. Based on the reports from the auditors and his experience in the water and sewer business, he vowed his support for dissolution.

Councilmember Simonsen offered his reasons for opposition based on too many unknowns. He questioned Manager Voll about acting as the new executive director. Manager Voll stated that the Township has competent directors and competent personnel coming over from the LTMUA to supervise the utility workers. As a lifelong resident, Councilmember Simonsen expressed approval with the operations and service from the LTMUA. He remained firm in his position, "if it's not broke, don't fix it".

Deputy Mayor Clark reminded Councilmember Simonsen about his part in the unanimous decision to look into dissolution. He provided a long list of reasons to support dissolution including the governor's plea, the best practices manual, the auditor reports verifying significant savings, and approval from the state's Local Finance Board. He pointed out Councilmember Simonsen's silence throughout the process. He discussed his intentions on focusing to resolve the water and sewer problems at the LTMUA, and do what is best for the people. He asked Councilmember Simonsen why he is standing against all of the professionals and denying the ratepayers the opportunity to save a million dollars a year. Councilmember Simonsen stated his reason as too many unknowns. Councilmember Conrad initiated a dispute about moving public works. He too stood firm in his position.

Mayor Beck voiced his discontent with the opposition. He restated the facts about the employees retaining their jobs, the state's unanimous approval, and the projected savings. He then reminded Council, as elected officials, of their obligation to do what is best for the 23,000 people of the Township. He concluded by offering his condolences to the ratepayers.

	MOTION	SECOND	AYE	NAY	ABSTAIN	ABSENT
CONRAD				X		
NEVILLE		X	X			
SIMONSEN				X		
CLARK	X		X			
BECK			X			

Ordinance #2014-07

An Ordinance Amending The Code of the Township of Lower To Create A Water and Sewer Utility Division Within the Department of Public Works for the Township of Lower - 2nd reading and public hearing. This Ordinance has been published, posted on the bulletin board and made available to the public.

Motion to Table Ordinance #2014-07 moved by Deputy Mayor Clark, seconded by Councilmember Neville.

	MOTION	SECOND	AYE	NAY	ABSTAIN	ABSENT
CONRAD			X			
NEVILLE		X	X			
SIMONSEN			X			
CLARK	X		X			
BECK			X			

Ordinance #2014-06

An Ordinance Dissolving the Lower Township Municipal Utilities Authority Pursuant to N.J.S.A. 40A:5A-20 – 2nd reading and public hearing. This Ordinance has been published, posted on the bulletin board and made available to the public.

Motion to Table Ordinance #2014-06 moved by Councilmember Simonsen, seconded by Councilmember Neville.

	MOTION	SECOND	AYE	NAY	ABSTAIN	ABSENT
CONRAD			X			
NEVILLE		X	X			
SIMONSEN	X		X			
CLARK			X			
BECK			X			

Consent Agenda

Approval of Minutes

Res. #2014-253

Res. #2014-254

Res. #2014-255

Res. #2014-256

Res. #2014-257

September 3, 2014

Payment of Vouchers \$ 911,091.87

Insertion of Special Item of Revenue Pursuant to N.J.S.A. 40A:4-87, Chapter 159 (Drive Sober or Get Pulled Over Year End Holiday \$4,400 re-submitted)

Authorization for Refund of Taxes (2 properties \$1,996.78 dup. pymt)

Authorization for Waiver of Fees for Historic Cold Spring Village (waiver of \$1,150 planning/zoning development application fee)

Resolution Authorizing Indemnification and Defense of lower Township Employees in Accordance with Chapter 25 of the Code of the Township of Lower (indemnifying and holding harmless Manager Voll, Chief Mastriana, Retired Chief Marker & Lt Biersbach in Stango v Township lawsuit)

	MOTION	SECOND	AYE	NAY	ABSTAIN	ABSENT
CONRAD	X		X			
NEVILLE		X	X			
SIMONSEN			X			
CLARK			X			
BECK			X			

Regular Agenda

Res. # 2014-258

Payment of Vouchers – Lower Township Rescue \$10,000

	MOTION	SECOND	AYE	NAY	ABSTAIN	ABSENT
CONRAD					X	
NEVILLE	X		X			
SIMONSEN			X			
CLARK		X	X			
BECK			X			

Res. #2014-259

Resolution of the Lower Township Council Opposing the City of Cape May's Proposal to Modify the Method of Raising Taxes for the Operation of the Lower Cape May Regional School District and Urging Lower Township Voters to Vote "NO" On the Referendum Question on Tuesday, November 4, 2014

	MOTION	SECOND	AYE	NAY	ABSTAIN	ABSENT
CONRAD			X			
NEVILLE	X		X			
SIMONSEN					X	
CLARK		X	X			
BECK			X			

Administrative Reports

Monthly Reports - Clerk, Construction, Dog, Police Department, Tax Collector, Vital Statistics

Council Comments

Councilmember Conrad thanked everyone for attending the meeting. He agreed with Ms. Somers that more people need to attend on a regular basis. He affirmed his commitment to looking out for the little people of the township.

Councilmember Neville gave an update on Clubhouse Road and other roads to be restored by South State. He announced that the Nature Conservancy will be holding a dedication service on October 4th at Spicer Creek for the Garrett family.

Councilmember Simonsen reported on the LCMR football team and encouraged community support for the athletic programs. He gave a highlight of the Gala event for Volunteers in Medicine and acknowledged the three volunteer honorees. As coordinator for the school safety team, he informed of his new endeavor starting up a school safety team alliance throughout the county.

Deputy Mayor Clark spoke about the progress of new businesses coming to the airport as a result of the Economic Development Committee. He also reminded about the drug abuse in our community and informed of Lighthouse Church's efforts in creating a recovery program. He talked about the hope that exists when everyone in the community works together, including the different tiers of government, community and churches.

Mayor Beck commented on the importance of faith in beating drug addiction. He expressed his gratitude to the Hume family for the September 11th ceremony and extended get well wishes to Mr. Hume. He announced the upcoming Flu Shot Clinics and the Run for the Fallen. He acknowledged Eileen Kreis for her involvement with the Run for the Fallen and encouraged community support. Councilmember Simonsen reminded that there will be a hero marker for Michael Scusa. Mayor Beck thanked the school for their part in recognizing Michael Scusa.

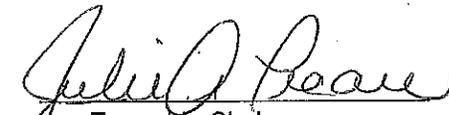
Call to Public

Steve Morey, Erma, announced Matt Sczar's first major league home run, and accredited Sczar and Mike Trout, two quality athletes, for putting South Jersey on the map. He addressed Councilmember Neville regarding his comments at the last meeting pertaining to the Beach Drive access project. Mr. Morey asked where he obtained his information. Councilmember Neville alluded to his meeting with Bill Galestok. Discussion ensued. Mr. Morey questioned Councilmember Neville about his concern for safety on Beach Drive. Councilmember Neville agreed that something needs to be done but disagrees with disturbing the dunes. Mr. Morey expressed disfavor with the misleading information that was circulated about the project. Mayor Beck offered his perspective and attempted to rectify the situation.

Adjournment

There being no further business to address, motion to adjourn moved by Councilmember Conrad, seconded by Councilmember Neville. Motion to adjourn unanimous. Meeting adjourned at 9:03 p.m.


Mayor


Township Clerk

Approved: *Oct. 6, 2014*