

**HOUSING AUTHORITY OF THE BOROUGH OF CLEMENTON
BOARD OF COMMISSIONERS MEETING
MAY 6, 2015**

Chairperson Nicholson called the Housing Authority of the Borough of Clementon Regular Board of Commissioners Meeting to order at 6:07PM and announced that the meeting has been properly advertised pursuant to N.J.S.A., 10:6, the Open Public Meetings Act. The meeting was held in the Community Room of Wooster Towers located at 22 Gibbsboro Road, Clementon, New Jersey.

Salute to flag.

Upon roll call the following were present: Commissioners Casella, Closs, Nicholson, Schmidt, and Watson. Also present were William J. Harris, Executive Director, Anthony H. Ogozalek, Solicitor, and Barbara J. Murray, Secretary. Absent: Commissioner Dougherty.

MINUTES

Chairperson Nicholson asked for a motion to approve the minutes of the April 1, 2015 Board of Commissioners Meeting as submitted. Commissioner Watson, seconded by Commissioner Casella, made a motion to approve the minutes of the April 1, 2015 Board of Commissioners Meeting as submitted. Roll call vote: Ayes: Commissioners Casella, Closs, Nicholson, Schmidt, and Watson. The motion carried.

The approval of the Executive Session minutes of April 1, 2015 and the Special Meeting of April 30, 2015 were tabled until the June 3, 2015 meeting.

BILLS

Chairperson Nicholson asked for a motion to approve the payment of all bills for Public Housing and Section 8 dated April 3, 2015 through May 6, 2015 with proper certification. Commissioner Watson, seconded by Commissioner Casella, made a motion to approve the payment of all bills for Public Housing and Section 8 dated April 3, 2015 through May 6, 2015 with proper certification. Roll call vote: Ayes: Commissioners Casella, Closs, Nicholson, Schmidt, and Watson. The motion carried.

Chairperson Nicholson turned the meeting over to William J. Harris, Executive Director.

MANAGEMENT

PH Occupancy & Section 8

Mr. Harris advised that there are currently 68 units occupied at Wooster Towers and we currently have 43 Section 8 participants.

Roof-Mounted Heater Project

Mr. Harris reported that we received one bid for the roof-mounted heater project from Air Control Technology in the amount of \$55,000; the engineer's estimate was \$72,864. Our Solicitor and the engineer, PHM Associates, reviewed the bid and the contractor has satisfied all requirements of the bid package. Mr. Harris is recommending to the Board that the contract be awarded to Air Control Technology. Funding for the project will be provided by the \$46,548 line item balance in the FY2014 Capital Fund budget and \$8,452 from our reserve account.

Commissioner Schmidt asked if this engineer has done any other work for us in the past; Mr. Harris said primarily just this project. Commissioner Schmidt asked if we used an engineer for the wall-joint sealant replacement project; Mr. Harris said we used Habitech Architects, a construction engineer, and added that PHM is a mechanical engineer.

Wall-Joint Sealant Replacement Project

Mr. Harris advised that the job is about 75% complete and the plan is to be finished by the middle of May.

FY2015 State & HUD Budget and Five-Year Agency Plan

Mr. Harris advised that he is asking the Board to approve the FY2015 Operating Budget tonight since there were not the four affirmative votes required to pass Commissioner Schmidt's alternative budget at the special meeting on April 30th. Mr. Harris also included financial documents reviewed and confirmed by our accountant for a 9-month period beginning July 1, 2014. He went on to say that we currently have a \$34,500 deficit and we hope to close that deficit with next year's Capital Fund Grant. At the special meeting on April 30th, our accountant advised that numerous housing authorities, especially in New Jersey, smaller housing authorities have used Capital Funds to pay for operating expenses, given the predicament of gradually declining rent and HUD's decreasing proration of subsidy. Mr. Harris said that according to our accountant about \$22,000 of the deficit is attributable to the fact that HUD is not fully subsidizing us the amount they should have as of our March payment.

Commissioner Casella asked for a balance sheet to be distributed at the meeting for the same time frame in the hope that this would help everyone understand our financial status a little better.

NJ Clean Energy Direct Install Program

Mr. Harris advised that he has applied for a 70/30 Direct Install Program grant from the NJ BPU's Direct Install Program to see if funding was available to replace our boilers; unfortunately our boilers each exceed 1,000,000 BTUs, there is a 500,000 BTU limit on the size of boilers to be replaced. However, these funds may be used to replace the gas-fired hot water heaters, three a/c compressors, faucet flow restrictors to conserve water, and new common area lighting where required. These improvements are based on assessments by GreenTech Energy Service and Hutchinson Mechanical who are under contract with the BPU. The cost is 70% grant-funded and 30% funded through our gas/electric bill and according to Hutchinson Mechanical's estimate, the payback period is less than six years.

HUD's Rental Assistance Demonstration (RAD) Program

Mr. Harris advised that he attended two workshops in April on the RAD Program. Mr. Harris explained that RAD would convert our current operating subsidy and annual CFP grant into the base year of a 20-year project-based Section 8 Contract; there would be no more HUD proration. The housing authority would form a new entity that could raise funding through tax-exempt bonds, private financing, investor capital and low-income housing tax credits to fund the cost of improvements that would be part of the Physical Needs Assessment.

OLD BUSINESS

Adopt Resolution HA15-08

Chairperson Nicholson asked for a motion to adopt Resolution HA15-08, which may include a discussion on compensation to the Clementon Housing Authority employees.

Commissioner Casella said if the deficit cannot be corrected in other ways, it is his understanding that the monies will come out of our unrestricted net assets which is currently about \$150,000. He went on to say that part of the problem with HUD is that they do not like to see reserves and this has been going on for a long time; he remembers our previous Director, Sheila Wooster, saying that we were being penalized because we were doing so well. Commissioner Casella said that HUD is looking for ways to cut funds and what they want is for housing authorities to use up their reserve; the problem is we do not know what the golden number is.

Mr. Harris said that according to our accountant it used to be six months of operations and now that rule is expired and is not renewed, so depending on what HUD official you speak to, it could be two months of reserve or six months or they don't know. A couple of housing authorities actually had the amount of money in their reserve taken from their subsidy, resulting in zero subsidy. Mr. Harris does not think that we are at that point yet but says he cannot speak for HUD.

Commissioner Casella said that at our last meeting it was suggested to adopt the budget the way it was written or adopt it with the proposed changes. The problem is that even with the changes that were recommended it did not affect the bottom line, the net loss of \$35,000; the question becomes should we play the game with HUD and let our reserve go down to see what they are going to do. He went on to say that the problem with the profit & loss statement is that a lot of the expenses are fixed; even when we start making changes to payroll we are at our last resort and there is nowhere else to go. Commissioner Casella feels that we should play HUD's game.

Mr. Harris said that with his reduction in salary the deficit will be reduced by \$10,000 and the accountant says we can use Capital Funds to make up the difference. Commissioner Casella added that he does not like making cuts when we still have a reserve.

Mr. Harris said that HUD did recapture money from us before from the Section 8 program in the amount of \$89,000. He went on to say that we do not have the capacity to take on any more clients but he did issue four more vouchers to disabled applicants and was told by HUD that he should not have done that.

Commissioner Watson said that with Mr. Harris' salary reduction based on the original budget that was submitted the new budget is \$10,217 less in overall salaries.

Commissioner Schmidt said we could take Mr. Harris' \$13,000 decrease in salary and put \$2,000 for legal, \$500 for training, \$30 for travel, and \$1,800 for auditing. Mr. Harris asked why he was adding money to the audit line item; Commissioner Schmidt said that he knows that he is not voting for the current auditor again. Mr. Harris asked what that has to do with money and why would you want to pay more. Commissioner Schmidt does not think that we get a good audit and would like to not use that auditor again. Mr. Harris said that with all due respect that is a matter of opinion; the audit was not rejected or criticized by either of our funding sources, not returned, and more information was not requested from the Auditor by the State. Mr. Harris also wanted to make it very clear that he never met this Auditor before he came to Clementon Housing Authority; why would we want to pay more when most of their work centers on housing authorities.

Commissioner Casella asked if that budget line means anything when it comes to selection; Mr. Harris said to the extent that price is one of the points, but it is not on price only; it is also based on professional qualifications and experience. Mr. Harris advised that he will, as has been done in the past, score the proposals and make his recommendations to the Board as to which firm he feels should get

the job. Commissioner Schmidt said that he is suggesting the increase for auditing in the hopes that the firm from Mt. Laurel will send a proposal at the same price as last year.

Mr. Harris said that HUD is concerned that the Board and Executive Director act in a professional manner, honor our fiduciary responsibilities, follow the Procurement Policy, and that we stay within the budget; HUD is concerned with fraud, abuse, violation of the Procurement Policy; that is what we are audited on. He went on to say that if there is going to be a 5%, 7%, or 10% difference in a line item, as long as we follow the Procurement Policy, HUD will not reprimand us. The only ones we would have to give a few sentence explanation to would be the auditor at the Department of Community Affairs. Mr. Harris added that he is not trying to minimize the Board's efforts to save money but next year HUD is going to pro-rate us again. The only flexibility we have is to reduce personnel or put us on a four day work week. Commissioner Closs asked if there was any advantage to do that; Mr. Harris said no because when you are taking an action to terminate long-term employees when we still have a source of funds to cover the deficit, he thinks we are overreacting.

Chairperson Nicholson said that we have all excellent employees who bring a wealth of experience in all different disciplines; if we were to replace Walt Keebler with a black seal plumber and paid him benefits and all other employees took health benefits, the cost would be at least \$52,000 more to bring in employees that are not going to have their heart in the job, they will do just what they have to do and go home.

Commissioner Closs said that she is new to the Board and never worked for a State or government office; but when she saw the salaries she was amazed. She said that she does not mean to discount anyone's work, service, and commitment, everything everyone does that we all care for and care about these people; if we were to pay for benefits it would stand to reason their pay would go down; this is not the issue. She went on to say that she does not want to decrease anyone's salary but it was just overwhelming to see some of the salaries. She also said that she knows what some people do who do not work for the State or government and it is atrocious. Commissioner Watson asked if she thought that the proposed salaries were atrocious; she said no, other people get who do not work for the Housing Authority.

Commissioner Schmidt said that he would like to increase the full-time clerk's salary from \$50,132 to \$50,700. Commissioner Watson said that there is still a \$5,887 savings in the budget with the savings of Mr. Harris' salary and Commissioner Schmidt's \$4,330 for the line items; Commissioner Schmidt said that he was not finished with his suggestion yet. He went on to say that for the maintenance department he would like a salary freeze, no decrease or increase, and move the \$8,670 remaining amount into the maintenance operations line.

Commissioner Casella said that the budget is only an estimate and we do not have to move the money, if the money is in the budget it will be used even if it is not on the particular line item. Commissioner Schmidt is agreeable to not move anything on the maintenance operations line, although we should budget more money there and let the other money stay in the reserve. He went on to say that he proposed one salary increase but outside of that he would not vote for a budget with any type of salary increase.

Mr. Harris advised that Walt has a blue seal, which is higher than a black seal.

Commissioner Schmidt said that he feels we have a salary problem; Mr. Harris asked what he was comparing the salaries to. Chairperson Nicholson said that at one of our meetings comments were made about how much the salaries increased over the last ten years and he doesn't know how that could be achieved because Commissioner Schmidt has not been here for ten years, we lost one employee, and another employee could only make "x" amount of dollars. Commissioner Casella said that he thinks Commissioner Schmidt means the total of percentage for all the years together. Commissioner Schmidt said that he is talking just about maintenance. Commissioner Watson said that maintenance is finally at the level they should be with their qualifications. Mr. Harris added that we are dealing with a building that is over 40 years old. Chairperson Nicholson said it does not make sense that we have an aging building that requires more maintenance and we are discussing reducing salaries and work hours. Commissioner Closs asked if we are doing any additional maintenance; Commissioner Watson said that we have a one day turn around on work orders and that is unheard of. Commissioner Closs asked if it was because of the age of the building that there are more issues. Mr. Harris said that most issues are related to Capital issues which pertain to major systems, boilers, pumps related to the boilers, air handler unit on the roof (the boilers only do the apartments, so in order to have healthy temperatures and healthy air circulation the air handler on the roof has to be replaced.) He went on to say that the work is being done by an outside contractor because Walt made an assessment that after numerous attempts to repair the unit it is not functioning and it is not a healthy situation.

Mr. Harris said that the building is leaking in places because over time mortar deteriorates; so we are spending \$55,000 to correct the issues. He also said that the boilers and hot water heaters are inefficient; we are heating too much water at one time for both heat and hot water compared to if the building were being built today. He added that this is why our gas bills are so high. He went on to say that he is trying to find money other than HUD to replace the heating system so we can save money on our operating budget; to try and cut down on our electric and gas expenses we did an auction for electric and one for gas. Commissioner Closs asked if we are realizing any savings yet; Mr. Harris said that the electric is a little higher than the last three year contract and the gas is about the same. The upside to doing this is that the consumption side is a fixed rate for three years. The tenants pay 30% of their income for rent but do not pay any utilities, whether it is a state of the art boiler or the worst boiler.

Commissioner Casella said that we should not be waiting until it is time to adopt the budget to discuss salaries. Commissioner Closs said that she felt guilty voting against the budget but that she did not have the time to review it and understand it. Mr. Harris said that no one should vote for something if they did not review it or know any of the details.

Commissioner Schmidt said that in the past he has always heard that the budget is just a blueprint, so he doesn't understand why we give salary increases in the budget. Commissioner Watson said that the only thing that is set in concrete in a budget is salary; as long as you have a dollar amount allocated to any other line item you can move things around; if you allocate zero, you cannot add any money to that line item. Commissioner Schmidt said that he has never seen a budget passed by this Housing Authority where an employee did not get the full salary increase that was in the blueprint budget. Commissioner Casella said that there were times when the increases were adjusted downward. Commissioner Schmidt said that we may have changed the budget line item, but because the budget called for a 2 ½% increase, they did not get less. Commissioner Closs asked how much money we are talking about. Commissioner Watson said \$1,600 for two salaries for the year; and that our maintenance men save us at least five times that amount in outside contracts. Commissioner Closs asked how upset the person would be if they were told there was a salary freeze; Chairperson Nicholson asked how she would feel if she were

told that; she commented that she has been on a salary freeze for six years. Commissioner Watson said that Walt is not making what he should with his credentials and experience. Chairperson Nicholson said that both men clean the apartments when they are vacated and sometimes when the tenant is still there some of these apartments have human excretions; one was so bad that we had to call in an outside company and it cost us \$1,500. Mr. Harris said that is above and beyond the call of duty. Commissioner Closs asked if they painted the apartments; Mr. Harris said that it is more efficient to hire a contractor.

Commissioner Watson said that if Walt were to leave, we would be losing a blue seal employee for the boilers, and if the boilers go down to 25% capacity because of pressure, they will last about a month before blowing up; they are not built to run that way. He went on to say that we had a problem years ago when we had an employee without a black seal and we had to run the boilers at 50%. Mr. Harris said that it will cost between \$300,000 and \$400,000 to replace them.

Mr. Harris said that HUD allows housing authorities with less than 550 units to ask to be allowed to use all or part of their Capital Fund Program budget, which in our case is a little over \$54,000 a year for operations if your financial situation requires it. He went on to say that the fact that we are in an actual cash deficit and the likelihood of the deficit going away is slim to none, especially given the fact that HUD is a disingenuous partner and are contributing to our deficit. We do not have another building that we can co-mingle money with. We can ask HUD to use our Capital Fund money for operations; that is why the Agency Plan presented at the April 1st meeting calls for a significant amount of capital funds to be used for operations in the years 2016 and 2017. He also said that HUD has this concept called fungibility where we do a Capital Plan for five years and as long as you have at least a dollar in one particular line item, you can move money in the latter year for that line item in the first year and actually increase it without offsetting decrease in other line items. Once the Five-Year Plan is approved by HUD we will have the flexibility to use the money for operations and they cannot say no.

Mr. Harris said that the Five-Year Agency Plan needs to be passed tonight also. Chairperson Nicholson said that if we cannot reach an agreement tonight we will have to schedule another special meeting; he also said that he has been approached by Borough Council asking if they would be allowed to appoint Ms. Cater as an acting commissioner until she takes her last required class. Solicitor Ogozalek said no and that the law is very clear on the 18-month rule on taking the required classes.

Commissioner Schmidt asked if the budget passes with the salary increases, would the employees automatically get the increase or could we wait to give the increases after the Board reviews the profit and loss at the end of the fiscal year and based on that information the Board could act accordingly. Solicitor Ogozalek advised that the Board could leave the line item in and vote to direct that Mr. Harris not give the increases until the Board discusses it. Mr. Harris said that he feels as though the Board only wants him to manage certain areas of the Authority; he went on to say that the Board controls what the Executive Director is paid and with all due respect when talking about the local economy, he did not make that number up it came from the Borough of Clementon; that is the number he used as his benchmark.

Commissioner Schmidt asked if anyone would have any objections to passing the proposed budget with one or two increases in the front, forget the auditing, increase legal, travel, and training, and the salaries would stay the same until the Board directs Mr. Harris to give the increases. Commissioner Watson said that when Mr. Harris was interviewed he was asked to keep the staff as is; he went on to say that after a couple of months Mr. Harris was comfortable with the staff and was able to do the job that he was hired

to do and it shows in what he has accomplished. Mr. Harris said that is one of the reasons he took the job because it was a seasoned staff and they were committed and he didn't have to worry whether or not they were doing their jobs.

Commissioner Casella said that we should not be waiting until April to discuss salary increases. Mr. Harris said that instead of giving on-going increases that affect the pension, maybe consider giving a one-time bonus to be given around Thanksgiving. A discussion followed.

Commissioner Schmidt, seconded by Commissioner Closs, made a motion to adopt Resolution HA15-08, with the understanding that no increases in pensionable salary will be given to any employee of the Clementon Housing Authority for the year July 1, 2015 to June 30, 2016 and that the budget is only a blueprint and if we need to increase other line items such as legal, training, and travel as a result of RAD, that will be done. Roll call vote: Ayes: Commissioners Casella, Closs, Nicholson, Schmidt, and Watson. The motion carried.

Adopt Resolution HA15-07 – Five-Year Agency Plan

Commissioner Casella, seconded by Commissioner Closs, made a motion to adopt Resolution HA15-07 to approve the Five-Year Agency Plan. Roll call vote: Ayes: Commissioners Casella, Closs, Nicholson, Schmidt, and Watson. The motion carried.

NEW BUSINESS

Adopt Resolution HA15-09 – Award Air Control Technology Contract

Commissioner Schmidt, seconded by Commissioner Watson, made a motion to award Air Control Technology the contract to replace the roof mounted heater and make-up air unit. Roll call vote: Ayes: Commissioners Casella, Closs, Nicholson, Schmidt, and Watson. The motion carried.

Adopt Resolution HA15-10 – Amend Travel Policy

Commissioner Schmidt, seconded by Commissioner Closs, made a motion to table the amendment of the Travel Policy. Commissioner Schmidt said that after thinking about it and in talking to other people he would like to stay with what is in the policy currently, that reimbursement is for actual expenses incurred. Commissioner Casella said he feels this is one way we can save on the budget; Commissioner Closs said that she would never ask for travel reimbursement. Commissioner Watson said that the one thing that bothers him more than anything is the fact that Commissioner Schmidt kept the Board at odds for over a week over \$1,600 in salary increases but had no problem asking for a \$250.00 travel reimbursement for a volunteer position; adding that he is entitled to it but shouldn't nickel and dime other line items. Chairperson Nicholson asked for a voice vote to table the motion. Voice vote: All ayes.

PUBLIC

Chairperson Nicholson opened the meeting to the public; seeing no public, Chairperson Nicholson closed the public portion of the meeting.

Adopt Resolution HA15-11 – Amend Executive Director's Contract

Commissioner Schmidt, seconded by Commissioner Watson, made a motion to amend William Harris' contract that he work 4 days a week, days of his choice, and amending his salary to \$52,000 a year effective May 9, 2015 and authorizing the Solicitor to make the appropriate legal changes and have

signed by both parties by next week. Roll call vote: Ayes: Commissioners Casella, Closs, Nicholson, Schmidt, and Watson. The motion carried.

Comment/Questions

Commissioner Closs asked if there was any problem with the Girl Scouts and the lunch that they are preparing for the seniors at the Senior Center. Chairperson Nicholson said that there was a bit of a problem but that it has been worked out; he went on to say that he thinks it was a miscommunication and that in the future they will make sure that the people responsible for scheduling at the Senior Center be made aware of other organizations interested in using the building, and also added that it is a borough owned building.

Commissioner Schmidt asked if Mr. Harris put in the RFP's for accountant, legal, and audit that the response could be sent via e-mail. Mr. Harris said that he did not remember but that any Commissioner who wanted a copy of the responses for review could request one.

Commissioner Watson, seconded by Commissioner Casella, made a motion at 7:30PM to adjourn. Voice vote: All ayes.

Respectfully submitted,


William J. Harris
Secretary