

MURRAY E. BEVAN
mbevan@bmg.law

August 2, 2017

VIA ELECTRONIC AND REGULAR MAIL

Ms. Patricia Parkin McNamara
Executive Secretary
Local Finance Board
Department of Community Affairs
101 South Broad Street, PO-803
Trenton, New Jersey 08625-0803

Re: Lumberton Township – Mount Holly Municipal Utilities Authority Complaint

Dear Ms. McNamara:

This office is counsel to Lumberton Township (“Lumberton”), one of the municipalities served by the Mount Holly Municipal Utilities Authority (“MHMUA”).¹ On behalf of Lumberton, and at the recommendation of the Department of Community Affairs (“DCA”) Office of Local Government Services, Local Finance Board, we submit this complaint regarding (1) the failure of the MHMUA to adequately “consult and review” the capital budget and program proposed for Fiscal Year 2017 (“FY 17”) with Lumberton officials; and (2) the failure of the MHMUA to so consult with Lumberton officials in preceding years.

By way of background, in 1986, Lumberton sold its sewer collection system to the Mount Holly Sewerage Authority, later organized pursuant to N.J.S.A. 40:14A-1 as the MHMUA. Since 1986, Lumberton residents and businesses have been served by these authorities. The Lumberton Township Committee is an “affected governmental entity” served by the MHMUA and Lumberton is an “affected jurisdiction” served by the MHMUA, as those terms are used in the DCA regulations for Local Authorities, N.J.A.C. 5:31-2.2(g)(1).

Lumberton’s present complaints are centered on the MHMUA 2017 Authority Budget (the “FY 17 Budget,” attached). Contrary to the assertions made by MHMUA officials within the document, the MHMUA failed to “consult and review” the FY 17 Budget with Lumberton. Specifically, the MHMUA:

¹ In addition to Mount Holly and Lumberton, the MHMUA serves Westhampton, Hainesport, Easthampton, and parts of Moorestown.

- Failed to invite the participation of Lumberton official or representatives “in the development of the capital plan” for FY 17, as described in the MHMUA 2017 Capital Budget/Program Message (p. CB-2).
- Failed to “review the plans or projects included within the Capital Budget/Program” for FY 17 with Lumberton officials or representatives, as described in the MHMUA 2017 Capital Budget/Program Message (p. CB-2).
- Failed to obtain approval of Lumberton officials or representatives of “the plans or projects included within the Capital Budget/Program” for FY 17, as described in the MHMUA 2017 Capital Budget/Program Message (p. CB-2).

Despite the above facts, MHMUA Executive Director Bob Maybury certified otherwise in the MHMUA filing of October 13, 2016, included with the FY 17 Budget attached hereto. In response to the DCA question, “Has each municipality or county affected by the actions of the authority participated in the development of the capital plan and reviewed or approved the plans or projects included within the Capital Budget/Program?”, Mr. Maybury stated, “Yes,” though – at least with respect to Lumberton – the truthful answer was “No.”

In fact, prior to the October 13, 2016 MHMUA submission, Lumberton Township Mayor Sean Earlen sent a letter to the Board of the MHMUA requesting a meeting to discuss the proposed budget and capital plan and this request was ignored. The MHMUA made no response to this letter (and a second letter, sent after October 13) until February of 2017 when, in response to complaints from Lumberton residents, the MHMUA sent a letter to all ratepayers defending rate increases *but offering no defense of the failure of the MHMUA to include Lumberton officials in the budget and ratemaking process.*

In addition to neglecting to include Lumberton in the FY 17 Budget process, the MHMUA failed to “consult and review” prior budgets with Lumberton. Through its previous counsel, Lumberton complained to counsel for the MHMUA of the historical problem of inadequate notice provided to Lumberton officials and residents of the proposed budgets. In a letter dated May 12, 2017, attached hereto, Mr. Tom Coleman, counsel for the MHMUA, stated that the MHMUA’s “Executive Director will implement a new policy to ensure that each municipality receives the appropriate budget information in a reasonable time period prior to the adoption of any future budgets by the Authority’s board members.”

Finally, in 2013 Lumberton received no notice of proposed rate increases from the MHMUA. The stated reason for the rate increase was for infrastructure investment but

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Lumberton learned months later from MHMUA's Director of Finance that a portion of the increase went to increased Mount Holly PILOT payments. Because this meeting was not properly noticed (at least, with respect to Lumberton), the MHMUA was able to increase rates without full public participation.

Based on the above and the dearth of any communication in Lumberton Township files from the MHMUA regarding the budget processes instituted by the MHMUA in years prior to 2016, we have no reason to believe that the MHMUA ever consulted and reviewed proposed budgets and capital programs with Lumberton or the other municipalities affected by those plans and programs.

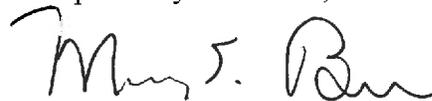
Request for Relief

We acknowledge that the Director of the Local Finance Board already approved the MHMUA FY 17 Budget and capital plan, and the budgets and plans from prior years, and that the time set out in the regulations for appeal of the Director's decisions has passed. Nevertheless, we feel strongly that without disclosure, this failure of the MHMUA to comply with your directions will continue.

We request all appropriate action including, a full audit of the MHMUA budgets and capital plans from FY 12 through FY 17 and of all payments made by the MHMUA to Mount Holly Township during that same period, and full monitoring of the FY 18 MHMUA budget process.

On behalf of Lumberton, we thank you for your time and attention to these complaints, and we are available to answer any questions or provide any additional information.

Respectfully submitted,



Murray E. Bevan

Enclosures

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cc: Sean Earlen, Mayor, Lumberton Township
Jim Conway, Deputy Mayor, Lumberton Township
Brandon Umba, Township Administrator, Lumberton Township
Thomas J. Coleman, Esq. Counsel, MHMUA
Philip James Degnan, State Comptroller
Francis Blee, Member, Local Finance Bd.
Theodore H. Light, Member, Local Finance Bd.
Idida Rodriguez, Member, Local Finance Bd.
Alan W. Avery, Jr., Member, Local Finance Bd.
William Close, Member, Local Finance Bd.
Dominick DiRocco, Member, Local Finance Bd.