

On The Mark Utility Locating
Services, Inc.

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Safety Tip

By Wayne Coleman, CEO

Team,

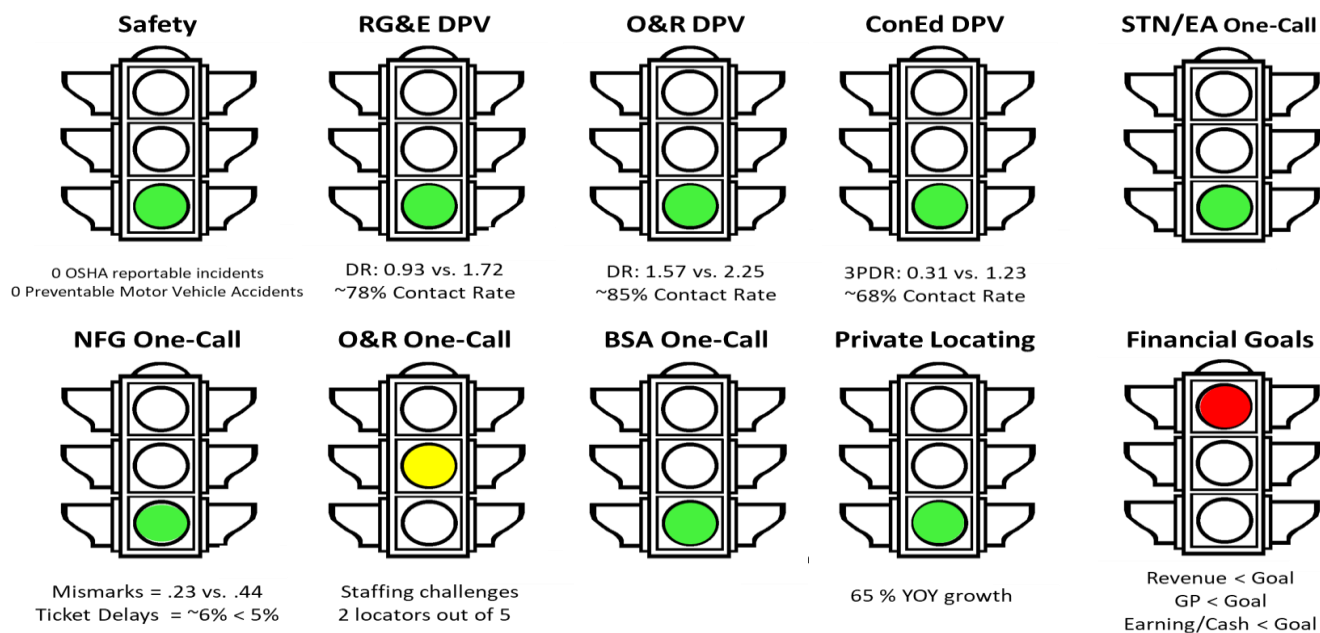
As you already know, summer is the busiest time of the year for the business we are in. However, OTM has always stressed the importance of “**Safety First**”. With summer currently upon us, so are the dangers of working outside during hot weather. Extreme heat exposure is the leading cause of weather related deaths, prompting greater than 65,000 emergency room visits annually.

Heat exhaustion occurs when the body loses too much water and salt through excessive sweating. Please avoid exposure to extreme heat, sun exposure, and high humidity whenever possible. Drink water frequently, about 1 cup every 15 – 20 minutes. Avoid drinking large amounts of caffeine and sugar. In addition, regardless of your skin tone, you should protect your skin by using Sunscreen SPF 30 (and higher) to avoid risks of skin cancer.

Mid-Year Traffic Light Report

By John W. Bryant, COO/CFO

Below are mid-year 2018 traffic lights for all of our lines of services and for the company's overall safety and financial performance:



Program Performance

First and foremost our performance on safety is 'green'. YTD we have had 0 OSHA reportable incidents and 0 preventable motor vehicle accidents (PMVA). This is awesome! Let's replicate this performance for the 2nd half of 2018.

On a program basis and using client defined program metrics, we are doing very good! All of our damage prevention vehicle (DPV) programs are running very well in terms of contact rates and damage ratios. Great job teams! Our One-Call programs is a little bit of a mixed bag. For the smaller programs such as Buffalo Sewer Authority (BSA), Southern Tier Network, and Empire Access, we are doing well in terms of managing volume and doing quality locating work. We are also doing good on National Fuel & Gas (NFG) program relative to processing ticket volume even though we have been understaffed since March. The overall ticket delays have been acceptable and the mismark rate YTD is within goal. The challenge for this program is getting a full staff in place and holding that staff through the remainder of this year. The team lead by Doug Ashbery and Ron Austin has been doing an awesome job in spite of the staffing challenges. They have worked tons of overtime and yet not had any at-fault damages since March.

The O&R One-Call program is currently comprised off a one man wrecking ball named Alex Metiche. Alex is doing an awesome job and has exercised God given patience as we have worked to get him a team. We have recently hired three additional gas and electric locators for this program, so hopefully the next quarter traffic light will be 'green' instead of 'yellow'. Keep up the great work Alex and welcome new team members Adam, Vernon, Lorenzo, and Michael (see the Welcome New Team Members article for details).

Lastly, our private locating service continues to grow like it is on steroids. YTD we have done over 170 jobs. This is over 50% more than this same time last year. On a revenue basis we are up 65% over last year. Our team consisting of Al Sullivan, Gary Dunham, Wayne Coleman, Adam Banks, and Lorenzo Davis have been doing a great job. Gents, keep up the great work.

Financial Performance

Although most of our programs/services are doing well from a performance standpoint, our overall financials are not relative to the goals we set. We are below plan for revenue, gross profit and earnings generation/cash. The primary reason for this is poor performance is operational losses in both NFG and O&R one-call programs. Re: NFG, as already noted, we have been understaff for quite some time and as a result, we have incurred more overtime labor spend than planned. We also had some damages at the beginning of the year and had to incur the costs relative to at-fault damages and training/testing associated with these damages.

Relative to the O&R program which started in 2018, we have invested quite a bit of money into equipment, vehicles, and upfront labor spend trying to staff the program. As we have struggled to staff the program, our expected revenue has not been realized resulting in a larger than expected YTD year 1 gross margin loss. We believe the 2nd half of 2018 will be better financially and hope to provide a more positive financial report in the 3rd quarter of this year.

Please note that although we are not achieving our self imposed goals, we are financially solid.

In Summary.

So overall we are doing well and you all are doing an awesome job! Please continue to work hard. Be safe, be productive, and be blessed.

EMPLOYEE CORNER

3 Quarter Birthdays!

**HAPPY
BIRTHDAY**

Wayne Coleman

Jim Harrison

Thomas Lando

Robert Ferebee

Vernon Lyons

Douglas Ashbery

T White

Adam Banks

Alphonse Sullivan

Joseph Fisher

Abby Means

Nathaniel Benson

Marcelino Burgos

Adam Metiche

EMPLOYEE CORNER

Happy Anniversary!

Congratulations to the following employees on their work anniversary!

1 Year

Joshua Morillo

2 Year

Robert Ingerick

Marquis Parker

Twana White

meet our
NEW HIRES

Join me in welcoming our new team members!
(2nd & 3rd Quarter)

Lorenzo Blanton – O&R Program

Taylor DeYoe – NFG Program

Michael Fratacci – O&R Program

Glenn Hines – DPV Program (Rochester)

Messiah Jefferson – DPV Program (Westchester)

Vernon Lyons – O&R Program

Robert Milks – BSA Program

Rogelio Sobers – Administrative Staff

Andrew Specca – DPV Program (Rochester)

Caleb Wells – NFG Program

Deidre Zeitvogel – DPV Program (Admin)

EMPLOYEE REFERRAL BONUS PROGRAM

OTM is always looking for great people, and you can help. If you know someone who you think would be a great addition to our organization and they meet the qualifications for an existing job opening, it will be worth \$150.00 if you refer them for employment and they are hired.



CONGRATULATIONS ALEX!

Alex recently received an Employee Referral Bonus for recommending someone to the O&R program. Thank you for the referral Alex!

CURRENT JOB OPENINGS

Damage Prevention Vehicle Driver – Rochester (PT Positions available)

Damage Prevention Vehicle Driver – Orange & Rockland (FT & PT Positions available)

Utility Locating Technician – New York City Area (FT Position available)

If you know of someone needing a job and you think they would be a good fit refer them to the OTM website under the careers page so that they can submit an application. You never know you may get a referral bonus out of it!



Research has shown that hires who come into organizations through employee referrals are excellent contributors, stay with longer and are more cost effective to recruit.

The referral bonus program has very few rules. Please refer to our Employee Referral Bonus Program for more information.