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PASSAIC VALLEY WATER COMMISSION MEETING OF
OCTOBER 21, 2009
(CLOSED SESSION)

C O M M I S S I O N E R S P R E S E N T :

SIMON GRUBIN, President
THOMAS P. DEVITA, Vice-President
IDIDA RODRIGUEZ, Treasurer
ROBERT L. VANNOY, Secretary
RIGO SANCHEZ
GLORIA KOLODZIEJ
JEFFREY LEVINE

A L S O P R E S E N T :

JOSEPH A. BELLA, Executive Director
GEORGE T. HANLEY, Counsel
JAMES G. DUPREY, Director of Engineering
JAMES J. GALLAGHER, Personnel Director
YITZ WEISS, Comptroller
LOUIS AMODIO, Administrative Secretary

(CONFIDENTIAL)

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1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.



The figure consists of two horizontal bars. The left bar is labeled 'Male' and the right bar is labeled 'Female'. Both bars are filled with a dense, dark, textured pattern. The 'Male' bar is slightly longer than the 'Female' bar.

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covering our reservoirs or whatever we have to do
with our reservoirs, we have to hire an
independent consultant. And out of that study
will come the forward schedule for actually what
we're going to do and that will eventually find

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its way into an ACO also.

So to that end, we interviewed or put out
an RFP. We got six proposals and we interviewed
three and in this memo it goes into what the
findings of the committee was and we're
recommending that they be hired.

PRESIDENT GRUBIN: Joe, the payment for
\$740,000, is that going to come from new bonding?
Where is the money coming from?

MR. BELLA: That is more.

COMMISSIONER DEVITA: You said capital
2010.

PRESIDENT GRUBIN: I'm asking the
question.

MR. BELLA: It's not coming from the
bonding. It's capitalized. Eventually, when we
go to -- if it's not a -- I don't want to say this
to cast in stone, I believe that actually when we
actually go out to start building, we can
reimburse ourselves. We can put that cost in and
eventually reimburse ourselves.

PRESIDENT GRUBIN: Is this up front or pay
as you go?

MR. BELLA: Time and materials.

MR. DUPREY: Time and materials
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not-to-exceed.

PRESIDENT GRUBIN: The question I have, again, I'm looking for the money part.

How do you clock these engineering firms as to their performance? Some areas they have \$2,000, \$3,000. If you look at the proposal, Jim and I have reviewed some of the numbers, there's disparity number on various functions, mapping everything else. Some engineering firms want 500 hours, who in our department would be the person in the time clock with some degree saying that they're doing their function and being able to --

MR. BELLA: They submit us time sheets and he approves all the time sheets.

MR. DUPREY: We review in great detail and also progress and diligently keep after them.

COMMISSIONER RODRIGUEZ: This particular type of work has to be well documented. It has to go to the DEP. This is a mandate. What happens is, a lot of time went into this. There was an RFP drawn up. It wasn't like we were given an RFP.

PRESIDENT GRUBIN: I'm asking the question so it's on the record. We're doing our due diligence making sure there's transparency and

money flow here. Basically just for everybody's knowledge here, we entered the contract \$750,000.

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And the first month they submit a bill for \$75,000. Is that correct? And then every month we'll be able to stagger the payments. Is that the way you foresee it budgeting this large expenditure?

MR. DUPREY: The payments would be staggered based on the effort expended and generally these are --

COMMISSIONER RODRIGUEZ: Draw down contracts.

MR. DUPREY: They tend to build up.

PRESIDENT GRUBIN: And based on the numbers included the 2500 hours, it's over a year's worth of work. So do you see this -- you see --

MR. DUPREY: Commissioner, when you have a total number of hours, you divide by people so shorter the time periods. In fact --

PRESIDENT GRUBIN: What's your time scale?

MR. DUPREY: Our time scale was in accordance with the Administrative Consent Order deadlines, which are several.

The first one is they require, the DEP

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requires an award by November 13th. And then there are milestone dates that the DEP established. February 13th for 30 percent complete, and so forth, all the way up to submitting a final feasibility report to the DEP in September of 2010. And that's all mandated.

PRESIDENT GRUBIN: Nine months basically
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to exhaust the 750,000. So you're basically budgeting 80, \$90,000 a month cover the cost.

COMMISSIONER RODRIGUEZ: It depends on the work they do.

PRESIDENT GRUBIN: Averaging.

MR. DUPREY: There's also some additional two months, design two additional months and also to assist in renew of proposal.

PRESIDENT GRUBIN: Again, Commissioners, I'm sorry, aside from Commissioner Rodriguez, are learning about this for today. For the first time we looked at their bona fides and they seem excellent.

My problem, getting to the technical area, is there a minimum standard as far as being reservoir cover, one reservoir cover be sufficient or we have to do all three? Is that something that --

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COMMISSIONER RODRIGUEZ: That's what they'll be doing. Let me -- I learned a lot. I took a lot of time to work on this. Let me explain to you. It's not only a feasibility study not only tells you a cover, it gives you methods. This could be UV membranes. I mean, I had a real education. I sat down through presentations and learned. So it's not just covers. It's just whatever it is so that we can treat already treated water. I mean, we call it reservoir covers but they're going to come back and say to

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us, a feasibility study says the Levine Reservoir
you might want to do this because it's... New
Street you want to do this. Great Notch,
depending on the size. We don't know. That's why
you do a feasibility study and that's why they're
going to come back to us, whoever it is, with a
conceptional design.

PRESIDENT GRUBIN: Is that correct?

MR. DUPREY: Yes.

PRESIDENT GRUBIN: Anything you want to
add?

MR. DUPREY: It was well said.

COMMISSIONER DEVITA: I got a question.
If we don't award this by November 13th, 2009,

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what happens? I know we have a Consent Order.

MR. DUPREY: Well, there's two things.
One is there's a sliding scale on penalties. And
by the time you're on the 15th day, it's \$500 a
day. But there's also the EPA has this oversight
and, you know, if you become, in their view, the
DEP -- they can really come after you big time.

COMMISSIONER DEVITA: With penalties.

MR. DUPREY: I don't know.

COMMISSIONER RODRIGUEZ: You're black
listed.

COMMISSIONER DEVITA: So it's in our best
interest to do --

PRESIDENT GRUBIN: What does black listing
mean?

MR. BELLA: It's not black listing. But
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what happens -- I mean, they have been very cooperative and they are working hard with us to come to a solution that's cost effective, actually. So it wouldn't really be good for us --

COMMISSIONER DEVITA: I'm looking at your evaluation. I have some questions.

The ones you're recommending, the 97 point, 96 and 93, okay, and yet in the site mapping we estimated 400 hours. CH2 says 18.

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Medina says 1768 and Gannet says 74. Now, you took away three points from the CH2, I guess, because of the low estimate.

MR. DUPREY: That's correct.

COMMISSIONER DEVITA: Why didn't you take anything off Medina, who only said 74? That's well below 1768.

MR. DUPREY: Well, Gannet said 74. Remember, we said 400.

COMMISSIONER DEVITA: Why didn't you take any off Gannet if they only said 74?

MR. DUPREY: One of the things in these feasibility studies, RFPs, they're extremely subjective. The hours that we came up with in our estimate, they were the best estimate of what these things would be. There's also some issues where some of the consultants maybe they put a little more hours in one of the other tasks, like we call it task site mapping. They might put some of those hours in development alternatives. So

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each one of them approached a little bit differently. So, where you really see the difference and where the difference comes to light where you think something is very slight, you've been shortchanged out of something very vital.

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For example, if you only have 27 hours for setting up inventory, that's just insufficient, so.

COMMISSIONER DEVITA: That's your evaluation of it?

MR. DUPREY: Yeah, that's the evaluation of the special projects committee.

COMMISSIONER RODRIGUEZ: Can I say something? If you look at the amount of hours and you divide that by the money that's being, you know, and I'll tell you --

COMMISSIONER DEVITA: Two thousand more hours.

COMMISSIONER RODRIGUEZ: I was very tough on the two presentations because I said, all right, so you do 74 hours and you divide into 80,000 basically was they got to out source this. So we're going to pay, you know, I mean, then you take 1700 and you divide it by one, you're taking like, whatever, 20.

COMMISSIONER DEVITA: I see what you're saying.

COMMISSIONER RODRIGUEZ: The Medina Group, they're going to do aeriels and their package they include a comprehensive mapping that we need, especially because of security, you know.

COMMISSIONER DEVITA: Why was everybody so far below the conceptional design? I mean, they were way below in number eight.

MR. DUPREY: It's just a very subjective thing. We get as much out of it.

COMMISSIONER DEVITA: They may be short in one area and high in another area?

MR. DUPREY: Yes. For example, they may go along in certain alternative and they might hit a stopping point and their view they done the alternative evaluation and another one they would continue that into the conceptual design portion and so, you know, where that line actually breaks into what category or task it goes in was all, you know, same as --

COMMISSIONER DEVITA: This is all time and material?

MR. DUPREY: Yes.

COMMISSIONER DEVITA: If the numbers of hours, which you're going to keep track of, aren't expended, doesn't cost that much?

MR. DUPREY: That's correct.

COMMISSIONER DEVITA: I assume the rate, because of their excessive number of hours, they got 2200 hours less.

PRESIDENT GRUBIN: There's two layers, \$130 for regular. And supervisor are 160. So

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that's the question we're raising with Mr. Duprey,
regarding supervisonal, how we're managing the
hourly.

The question I have, Jim, while you're
looking. Jim, I looked at the bona fides and
they're discussing all the project, most of bug
control very far is water treatment reservoirs.
Which one of their facilities are similar size to
ours?

MR. DUPREY: Actually, they have a large
number. Some of them they outlined, a lot of them
in their proposal. They included various concrete
tank designs and as a matter of fact, I contacted
and got information back from three of their
references on UV, because UV might be one of our
alternatives, membrane, storm water, and they all
gave them very good reviews. They said they were
excellent. You know, do great work.

Just my own personal opinion when I looked
at the experience that they have, you know, as the
joint ventures was more than adequate to do this
project.

PRESIDENT GRUBIN: Conceptually, do you

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see us going into a storage tank or the cover?

MR. DUPREY: That's what they're for.
They're their to help us.

COMMISSIONER DEVITA: I hate to spend
money but you're comfortable with this?

MR. DUPREY: Yes.

COMMISSIONER DEVITA: Based upon your
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evaluation?

COMMISSIONER RODRIGUEZ: And they were going -- they all came in and did wonderful renovations. Laura Cummings, who, by the way, was there, too. Really tough questions.

PRESIDENT GRUBIN: Thank you for your efforts, Commissioner Rodriguez.

Any other questions?

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C E R T I F I C A T E

I, LYNANN DRAGONE, License No. XI01388, a
Certified Court Reporter and Notary Public of the State
of New Jersey, certify that the foregoing is a true and
accurate transcript of the meeting at the time and the
date hereinbefore set forth.

I further certify that I am neither attorney
nor Counsel for, nor related to or employed by any of the
parties to the action in which this meeting was taken.

I further certify that I am not a relative or
employee of anyone employed in this case, nor am I
financially interested in this action.

LYNANN DRAGONE, C.S.R.
Certified Shorthand Reporter