

PASSAIC VALLEY WATER COMMISSION MEETING OF

AUGUST 19, 2015

(OPEN SESSION)

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

CHRISTAL A. CLEAVES, President

RIGO SANCHEZ, Vice President (Absent)

MENACHEM BAZIAN, Treasurer

THOMAS P. DeVITA, Secretary

GLORIA KOLODZIEJ

JEFFREY LEVINE

RUSSELL GRADDY (Absent)

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

JOSEPH A. BELLA, Executive Director

GEORGE T. HANLEY, Counsel

YAACOV BRISMAN, Assistant Counsel

JAMES G. DUPREY, Director of Engineering

YITZ WEISS, Comptroller

LOUIS AMODIO, Administrative Secretary

1 MR. BELLA: This is Rob Renner. He's the
2 Executive Director of the Water Research
3 Foundation which we have been a member of for
4 many, many years. We've done a lot of research
5 with them in our facilities which led us to some
6 of the processes that we currently employ. And
7 Rob just wanted to come and thank the
8 Commissioners for allowing us to participate.

9 The other thing was, which I had forgot
10 and I didn't realize, I had been on the board for
11 awhile and last year I missed the very last
12 meeting because I had the flu.

13 COMMISSIONER KOLODZIEJ: Ask for a
14 doctor's excuse.

15 MR. RENNER: It's an honor to be here
16 today. I didn't realize I had to fill time a
17 couple of minutes but I can tell stories. I had
18 to do this at a conference not long ago where a
19 speaker didn't show up, so I won't bore you with
20 that.

21 I wanted to thank you for participating in
22 the Water Research Foundation. We're going to
23 celebrate our 50th Anniversary next year and we're
24 a group that you were an original subscriber to.
25 And what we are is a research cooperative of water

1 utilities like yourselves in New York and
2 Philadelphia. All across the United States and
3 Canada utilities have banded together rather than
4 study things individually to pull all your
5 resources so that way you get a 20 to one return
6 on your dollar.

7 And I was talking to Commissioner
8 Kolodziej at the beginning of the meeting about
9 the heritage that you have as a water commission
10 here. It's kind of the birth place of modern
11 water treatment in the United States was here in
12 this water commission.

13 And what people don't realize today is
14 that the turning point in public health in North
15 America and the United States was being able to
16 treat water. Thousands and thousands of people
17 died of waterborne disease at the turn of the 20th
18 century. Today, worldwide, there's still about
19 five million people a day that die from poor water
20 and sanitation. We've solved most of those
21 problems but still have new things that come up
22 like Legionella and Naegleria Fowleri, which is a
23 brain-eating amoeba, things like that that we're
24 studying.

25 What makes us unique as a research

1 foundation are people like Mr. Bella. My Board of
2 Directors is made up a hundred percent of general
3 managers of water utilities: Paul Rush, Deputy
4 Commissioner of New York. Howard Neukrug,
5 Commissioner of Philadelphia. Joe. People that
6 know what the issues are.

7 So the only thing we will do is apply
8 information that you can use to make your system
9 better, whether it's implementation of ozone that
10 you did in terms of how does it work so that you
11 know when you put that system in it's going to
12 work. That's the kind of applied work that we do
13 for you with your support.

14 The real reason I came today was to
15 present this to Joe because he spent six years on
16 the board of the foundation and he did an
17 exceptional job, as all our general managers on
18 the Board do. He was a great contribution in
19 terms of setting the research agenda; in terms of
20 reporting back; in terms of these are the issues
21 that we need. As a research foundation, you need
22 to deal with us, he helps us. We do try to get
23 some Federal funding, so he's helped us in
24 Washington to do that. We don't have an advocacy.
25 We feel the science has to stand by itself. It's

1 all about integrity for the research foundation.

2 But anyway, Joe, thank you very much.

3 Joe couldn't make the last meeting so I
4 said: Well, if you can't make it to the board
5 meeting, I'll make it to your board meeting. I
6 was in Philadelphia yesterday working so I zipped
7 up here on the train.

8 So, anyway, thank you very much for your
9 support. Keep doing the great work that you're
10 doing.

11 COMMISSIONER DeVITA: Five million people
12 a day die?

13 MR. RENNER: Yeah, when you look in the
14 developing countries, it's very huge. I might be
15 off. It might be a day. It's pretty significant
16 the number of people that die of waterborne
17 disease. I might get my statistics wrong, but
18 it's mind boggling when you look at the statistics
19 because people don't have access in many places in
20 the world to clean water. Without clean water,
21 there's hepatitis.

22 Now, the first thing that happens in an
23 emergency situation is one of two things that you
24 prevent. One is if you look at an earthquake, one
25 of the first things that will happen is you get

1 fires, you don't have water supply. So there's
2 two public health issues for your water supply.
3 One is to fight fire and the other is public
4 health in terms of the water we drink. Typically,
5 we see in that type of emergency, typically,
6 you're going to start to see waterborne diseases
7 when you don't have modern medical support. It's
8 very deadly to the population.

9 Anyway, thank you very much.

10 PRESIDENT CLEAVES: Thank you.

11 COMMISSIONER KOLODZIEJ: I also have a
12 question because every meeting we get an update
13 from Mr. Bella on what's happening with how we
14 treat our water. And it's quite obvious that the
15 Federal Government continues to go towards
16 stringent monitoring of the water supply
17 throughout the United States. So personally, I
18 think that's a step in the right direction
19 because, you know, many people say: Well, not so
20 many people get sick. But if you're one of those
21 people that gets sick, you want to know that your
22 local water supplier is doing everything that they
23 should to keep that also the way it should be.

24 And then secondly, although nobody likes
25 to talk about it, personally, I think our water

1 supply, no matter what part of this country you
2 live in, is a soft target. And in this country
3 and how we're living with what's happening all
4 over the world, you know, those soft targets
5 become a way to really cripple whatever section of
6 the country you want to cripple.

7 So your agency is just interested in the
8 quality of the water, but --

9 MR. RENNER: Actually, we do a lot of
10 security work.

11
12 (Whereupon, Commissioner Levine is present
13 at 12:15 p.m.)

14
15 MR. RENNER: We do everything related to
16 utility. It could be customer service. It could
17 be quality. So it's driven by the general
18 managers to say, for example, after 9/11 we
19 developed a technique that you would use to
20 evaluate a system and to be able to protect it.
21 So we did that with Sandy.

22 And so every time, whether it's water
23 quality or security or whatever the issue is,
24 extreme events that you experienced, we'll delve
25 into anything. It is really important to us. And

1 the water supply is one of the most critical
2 things for society. Great societies have great
3 water systems and you need to protect public
4 health.

5 A lot of things we're worried about now
6 relative to Federal regulations is the long-term
7 effect of water; what's in it. Until we determine
8 what those things are and figure out how to get
9 rid of it and then with the declining water use
10 that we're seeing nationwide, it's hard for
11 utilities to have the revenue supplies. So we'll
12 look at: Okay. What are the different rate
13 mechanisms that you can use to have the resources
14 that you need to do to keep your citizens here
15 healthy.

16 We're very broad in that because of people
17 like Mr. Bella. They know what those issues are
18 based on feedback from you and other customers to
19 say: We need to look at this.

20 So, anyway, any other questions?

21 COMMISSIONER DeVITA: Thank you very much.

22 COMMISSIONER KOLODZIEJ: Thank you.

23 MR. RENNER: I can tell some stories.

24 PRESIDENT CLEAVES: We'll now call the
25 meeting to order.

1 MR. AMODIO: Commissioner Sanchez will not
2 be here.

3 Commissioner Bazian is not here yet.

4

5 (Roll call was taken, all Commissioners
6 present respond in the affirmative. Commissioners
7 Sanchez and Graddy are absent. Commissioner
8 Bazian is not present yet)

9

10 MR. AMODIO: Thank you.

11 The time is 12:13.

12 You have a quorum. All of the
13 requirements of the Open Public Meetings Act have
14 been met. Notices have been furnished to all
15 Commissioners; City Clerks of Paterson, Passaic,
16 and Clifton; North Jersey Herald News; The Record
17 - Passaic County edition and the Commission's
18 Executive Staff with a copy posted at the main
19 bulletin board at the Clifton facility.

20 Commissioner DeVita.

21

22 (Pledge of Allegiance)

23

24 PRESIDENT CLEAVES: Bill Linteris.

25 MR. LINTERIS: Bill Linteris, representing

1 Passaic County Board of Realtors.

2 Good afternoon and thank you for allowing
3 us to be here, as always.

4 I'm here to just get an update; ask you
5 where you are. I see that the group has been
6 hired to do the outreach for the consumer
7 information sessions, et cetera.

8 I also see in the agenda, it was published
9 that there was New Street. There's going to be
10 some RFP, I guess, for the New Street location,
11 New Street Reservoir. And I thank you for being
12 proactive to maintain that reservoir at this
13 point.

14 Thank you very much.

15 PRESIDENT CLEAVES: Thank you.

16 John Walters.

17 MR. WALTERS: Yes, I am with Bill Linteris
18 here and he said it all. Thank you very much.

19 PRESIDENT CLEAVES: Thank you.

20 Miss VanSavage.

21 MS. VANSAVAGE: I am also with the Passaic
22 County Board of Realtors and looking for updates
23 and information how we're doing.

24 Thank you.

25 PRESIDENT CLEAVES: Thank you.

1 Mr. Austin, Bob Austin.

2 MR. AUSTIN: Yes, I'm just here for the
3 portion regarding 20 Malcolm Court that's on the
4 agenda for today.

5 Thank you.

6 MR. AMODIO: Motion to close.

7 COMMISSIONER KOLODZIEJ: Move.

8 COMMISSIONER DeVITA: Second.

9 MR. AMODIO: On the roll.

10

11 (Roll call was taken, all Commissioners
12 present respond in the affirmative. Commissioners
13 Sanchez and Graddy are absent. Commissioner
14 Bazian is not present yet)

15

16 MR. AMODIO: Thank you.

17 The time is 12:16.

18 Committee reports.

19 COMMISSIONER KOLODZIEJ: If I may? Can we
20 just move up the issue of Malcolm Court so Mr.
21 Austin doesn't have to wait, unless there's any
22 questions.

23 You all saw the agreement which is
24 basically he needs to expand his house over our
25 right-of-way and apparently, we reached an

1 agreement. So unless there's any questions.

2 COMMISSIONER DeVITA: I have a question.
3 I went over everything. I kind of understand this
4 and I understand that what you're going to do is
5 you're going to be replacing a deck with an
6 existing deck.

7 MR. AUSTIN: Yes, it's an existing deck.

8 COMMISSIONER DeVITA: Is it understood
9 that it may be necessary to have this addition
10 removed if we have to get in there?

11 MR. AUSTIN: We haven't had clear
12 information back because there's some questions as
13 to where the water lines actually go through.
14 From what we see, at least what I see on the City
15 of Clifton tax maps, the house won't be on top of
16 or that close so there will be plenty of room to
17 get any existing pipes without touching anything.

18 COMMISSIONER DeVITA: I hope you're right.
19 I just --

20 MR. AUSTIN: Unless the pipes are
21 differently located that we don't know.

22 COMMISSIONER DeVITA: I want you to
23 understand, George, if I'm wrong you tell me, that
24 potentially it could cause some issue with the
25 house being built in our way.

1 MR. HANLEY: Well, the engineering issues
2 Jim would address.

3 We have, from a legal point of view, we do
4 have a right to do what's necessary to maintain
5 and repair our infrastructure.

6 COMMISSIONER DeVITA: Including possibly
7 affecting that addition?

8 MR. HANLEY: That I don't know.
9 Jim, will you?

10 MR. DUPREY: From a technical standpoint,
11 we have plenty of room on the other side away from
12 the house to access our pipe. We have, you know,
13 46 feet and that's just our easement. And then
14 there's additional distance that's over the Newark
15 pipelines. So from an engineering standpoint, we
16 can access our pipe from the other side of that.

17 COMMISSIONER DeVITA: So the probabilities
18 are kind of slim that it will ever come to that.

19 MR. DUPREY: That's correct.

20 COMMISSIONER KOLODZIEJ: If I read the
21 backup material correctly, the original plan that
22 was presented, we asked to have slightly changed
23 because we were concerned about some of that. So
24 we already took that into consideration.

25 MR. AUSTIN: We had no issue.

1 COMMISSIONER KOLODZIEJ: Exactly, which is
2 what I thought we did well. That we negotiated
3 what we needed, what you needed, and everybody
4 seems to be happy.

5 COMMISSIONER DeVITA: It was moved from
6 what we originally proposed.

7 MR. DUPREY: Yes.

8 COMMISSIONER DeVITA: I have no problem.

9 MR. HANLEY: The other thing just, I'm
10 sorry, and I think you do understand this, but is
11 that just like every other situation we have like
12 this, the individual/landlord fully indemnifies us
13 from anything that is not predictable that is not
14 a result of our negligence.

15 COMMISSIONER KOLODZIEJ: Am I correct in
16 assuming that they would have to contact Newark to
17 check --

18 MR. HANLEY: No.

19 COMMISSIONER KOLODZIEJ: I don't care
20 about Newark, I just care about us. By the same
21 token, it's another water line.

22 MR. AUSTIN: I believe we're outside the
23 easement for Newark.

24 COMMISSIONER KOLODZIEJ: Okay. Great.
25 Perfect, perfect. Good. Sounds good to me. All

1 right.

2 COMMISSIONER DeVITA: I'll move it.

3 COMMISSIONER KOLODZIEJ: Second.

4 MR. AMODIO: Moved by Commissioner DeVita.

5 COMMISSIONER DeVITA: We needed a quorum.

6 I move it again.

7 COMMISSIONER KOLODZIEJ: I second it

8 again.

9 COMMISSIONER LEVINE: What?

10 COMMISSIONER KOLODZIEJ: The easement.

11 COMMISSIONER LEVINE: Okay.

12

13 (Roll call was taken, all Commissioners
14 present respond in the affirmative. Commissioners
15 Sanchez and Graddy are absent. Commissioner
16 Bazian is not present yet)

17

18 (Whereupon, Commissioner Bazian is present
19 at 12:22)

20

21 MR. AMODIO: Approved. We'll get the
22 paperwork out to you.

23 PRESIDENT CLEAVES: Thank you.

24 MR. AUSTIN: Thank you very much. Thanks
25 for moving me up so I can now get back to work.

1 PRESIDENT CLEAVES: We're going to jump
2 around a little bit on the agenda. We're going to
3 now have the auditor's report.

4 MR. WIELKOTZ: Good afternoon. Thank you.

5 You have before you today the audit of the
6 Commission for the year end December 31st, 2014.
7 I also have with me Robert McNinch from my office
8 who is the manager on the fieldwork just in case
9 there's any questions.

10 I'm happy to report a number of things.
11 Number one: We've issued an unqualified clean
12 opinion on the financial statements of the
13 Commission for the year December 31, 2014. I'd
14 also like to report that we had an increase in
15 what is called net position which is on page 16 of
16 the report. Last year it was 4.9 million; this
17 year 9.6 million. So we had a very good year in
18 2014.

19 In addition to that, I'd like to report
20 that there was one finding and that's a finding
21 that's been going on for a number of years
22 relative to fixed assets and fixed asset
23 accounting. I know we're in the process of trying
24 to put something together to deal with that, but
25 that aside, this is the first year since I've been

1 here that not only are all the prior year findings
2 fixed, there's no new findings. And that's
3 something pretty special in terms of, Rob went
4 back and looked at the first year. The first year
5 we had ten findings. And each year we've been
6 able to fix one; new one; fix one; new one. But
7 2014 was also a very good year for the
8 administration of the Water Commission in that
9 other than the continual saga of fixed assets and
10 fixed assets accounting, there were no other
11 findings in 2014.

12 The other thing I'd like to talk about
13 just briefly is, as the Commissioners are aware,
14 we're in the middle of refunding bond issue. We
15 had conference calls last week with both Moody's
16 and Standard & Poor's. And Moody's upgraded the
17 Commission's bond rating from A to Aa3. And I'll
18 just read you a couple of snippets from the Moody
19 report because I think they're important.

20 "The upgrade to Aa3 reflects the
21 Commission's positive financial trend, which
22 captures the willingness to increase rates to
23 ensure to accurate coverage levels. The rating
24 also incorporates the system's moderately high
25 debt burden, large and diverse service area,

1 stable customer base, and sufficient access to
2 supply."

3 It goes on to list the strengths, the
4 ongoing willingness, and ability to increase
5 rates, to ensure adequate coverage levels, and the
6 large diverse and stable customer base.

7 So I think that's a real feather in the
8 cap of the Commission because what's going to
9 happen is in September when we go out to the
10 market to refund these bonds, we will now get a
11 better rate than we would have as an A1 which will
12 then, you know, save us money over the duration of
13 the bonds to be refunded, which again drops down
14 to bottom line and improves to the customers.

15 So I think the administration, and this
16 starts at the top and works its way to the bottom.
17 It starts with the Commissioners, with the finance
18 committee, with the administration, with the
19 employees. It's not something that is
20 accomplished by one person. It's the whole entity
21 and I think you deserve on the record the proper
22 recognition of that.

23 PRESIDENT CLEAVES: Thank you.

24 MR. WIELKOTZ: Any questions?

25 COMMISSIONER KOLODZIEJ: I have two.

1 Since you touched on the increased rates,
2 people kind of think that, you know, a business
3 like this should never increase their rates. But
4 I really think that we need to emphasize that most
5 of that rate increase is basically to fix costs
6 that are a part of our doing business. Every time
7 we see on this agenda a cost for the chemicals and
8 those kind of things, these are the things that go
9 into establishing the rates.

10 And I also think it's significant because
11 people right away want to say: It's got to be the
12 employees. They're making too much. You have too
13 many employees. One of the things that we have
14 concentrated on is doing more with less. And the
15 last contract that we negotiated was done very
16 favorably.

17 So I think it's important to get that on
18 the record that just because you have a rate
19 increase, you know, people shouldn't jump to the
20 conclusion that we're not doing our job and Moody
21 is the standard by which I am measuring when they
22 say positive financial trends: Amen, Amen, Amen.
23 Thank you, everybody to be part of that.

24 MR. WIELKOTZ: I will tell you the rating
25 agencies will downgrade you in a nanosecond. It

1 is much more difficult to get upgraded.

2 I will tell you, you talk about personnel
3 costs and what have you, part of the whole
4 conversation on the call was that we used to have
5 over 300 employees, we're down to under 200
6 employees. Obviously, doing more with less.

7 And, again, some of the pressures on the
8 physical end of it is: This is one of my greatest
9 examples, over the last 12 or 18 months, is we
10 have obligations to pay. We get a bill from the
11 State for the pension of our employees. We have
12 to pay that bill. There's no discussion. There's
13 no: We can't afford it; we're not going to pay
14 it. There's no: We're going to defer. They tell
15 us you make the payment April 1st or you pay us
16 interest and late fees. As we all know, the State
17 really doesn't do that. So, you know, we're kept
18 to a different standard than the State is kept to.

19 And one of the other things that plays
20 well with the ratings agencies is just, rates need
21 to be looked at every single year. The cost of
22 doing business needs to be looked at every single
23 year. And that's another positive that you have
24 been doing here which the rating agency took under
25 consideration and was a major factor in getting

1 upgraded.

2 COMMISSIONER KOLODZIEJ: Getting back to
3 the one little item that's on our list because
4 when you say fixed assets accounting, we always
5 from year to year to year talk about how do we
6 really do that. And obviously, it's not as easy
7 to do as you would think it is. So how do we go
8 about making sure that that doesn't appear next
9 year?

10 MR. WIELKOTZ: Again, we had this
11 discussion a number of times. I think the best
12 way to deal with it is to go out and procure an
13 outside third party to give you the baseline.
14 Once you have a baseline that makes sense and
15 encompasses everything at that point, rolling it
16 forward year to year is not as cumbersome or hard
17 to do. But unfortunately, doing that takes a
18 commitment to spend money because it's not going
19 to be cheap.

20 COMMISSIONER DeVITA: Could we do an
21 appraisal?

22 MR. WIELKOTZ: It could be an appraisal
23 company. What happens is you get a firm that
24 comes in with a whole group of people and they
25 physically look at all your assets, they tag your

1 assets, you get control printouts by tag number
2 with a historical value and then that gets updated
3 annually based on additions and deletions. Again,
4 it's not going to be cheap.

5 COMMISSIONER DeVITA: So the company would
6 have to come back annually to update it.

7 MR. WIELKOTZ: No, what happens is one of
8 two things: If your system is cable of doing it,
9 you can set it up internally and roll it forward
10 internally afterwards, one time investment. You
11 have the option of doing it that way or if they
12 don't come back, typically, what you do is
13 accumulate the information via the purchase order
14 system on new purchases and trying to control when
15 you sell or trade in any of your assets. So it's
16 one way or the other.

17 COMMISSIONER BAZIAN: If I may just go a
18 little bit of additional information and Yitz
19 please check me on this.

20 One of the reasons why this particular
21 issue is still so open is the issue in our
22 systems. We're in the process of replacing all of
23 our systems. So while we could do what you
24 suggest, we don't have any systems in place right
25 now with which we could maintain going forward.

1 Yitz. I mean, we have to mention this. To come
2 back with a clean audit, nothing new. And I
3 remember the discussion we had last year when we
4 had gotten the report in the finance committee and
5 a certain Commissioner threatened to crash the --

6 COMMISSIONER KOLODZIEJ: It wasn't me.

7 COMMISSIONER BAZIAN: Didn't happen. But,
8 well done. Well done to you and the entire
9 department.

10 MR. WEISS: Thank you. It was definitely
11 a team effort.

12 MR. WIELKOTZ: Again, it's not unusual to
13 have comments and for things to happen during the
14 year. There's human error. This is not a typical
15 audit report. And, again, going back to when we
16 first started which was at this point 10 or 11 or
17 12 years ago to where we are today, Yitz, the
18 whole administration have, you know, they've gone
19 from one direction. It's a 180 degree turn from
20 where things were back then to where they are
21 today.

22 PRESIDENT CLEAVES: Thank you.

23 MR. WIELKOTZ: Thank you.

24 MR. AMODIO: We have a Resolution and
25 group affidavit form that needs to be signed. So

1 if I could have a motion for the Resolution.

2 COMMISSIONER KOLODZIEJ: So moved.

3 MR. AMODIO: By Commissioner Kolodziej.

4 Do I have a second?

5 COMMISSIONER BAZIAN: Second.

6 MR. AMODIO: By Commissioner Bazian.

7 On the roll.

8

9 (Roll call was taken, all Commissioners
10 present respond in the affirmative. Commissioners
11 Sanchez and Graddy are absent)

12

13 MR. AMODIO: Thank you.

14 Motion approved.

15 Committee reports.

16 COMMISSIONER DeVITA: Personnel, there was
17 no meeting.

18 MR. AMODIO: Finance.

19 COMMISSIONER BAZIAN: I think you heard
20 the report.

21 MR. AMODIO: Thank you.

22 IT.

23 COMMISSIONER BAZIAN: There is an item on
24 our agenda for some upgrades to our IVR which is
25 our telephone system that people call in to get

1 their balance made payments, et cetera, et cetera.
2 This was vetted. We had a discussion about this
3 in finance. It was represented by our CFO that
4 the \$40,000 we're paying to upgrade the existing
5 system is in lieu of something that could probably
6 cost us a great deal more if we were to replace
7 it. And at this point, sticking to what we have,
8 in the opinion of the administration, makes more
9 sense. So out of committee the feeling was that
10 we should okay that.

11 I think that's pretty much it. Am I
12 missing anything?

13 MR. AMODIO: Legal affairs.

14 COMMISSIONER DeVITA: We had a legal
15 affairs meeting last week but I think it's
16 something we should discuss in closed session.

17 PRESIDENT CLEAVES: Yes.

18 COMMISSIONER DeVITA: Potential legal
19 issue.

20 MR. AMODIO: Special projects.

21 COMMISSIONER KOLODZIEJ: Mr. Linteris will
22 be happy to hear that we're on schedule for the
23 information sessions. I don't know if Joe wants
24 to report anything. It will be starting either at
25 the end of September, beginning of October. And

1 that was the only update we had.

2 We're waiting for the RFPs to come back on
3 the Point View Reservoir for that study.

4 So those are the only two items that have
5 been kind of on our agenda.

6 MR. BELLA: The other, we can wait.

7 MR. AMODIO: Policy.

8 COMMISSIONER KOLODZIEJ: Policy is turning
9 out to be very interesting. We started out just
10 basically trying to compile the policies that
11 we've established working together and I
12 volunteered for a project to go through all of the
13 old minutes from day one of this Commission. I'm
14 now into Book 6 and trying to pick up the policies
15 that are there.

16 It was suggested, thank goodness the Law
17 Department was there to guide us, it was suggested
18 by the Law Department to wait until we get
19 everything together and it was the feeling of the
20 committee that we probably should go outside to
21 have it codified because it's a complicated
22 process. Again, you need a starting point. So
23 when that comes, we can go out to informal bid.
24 If it's too expensive, we don't have to go that
25 route.

1 The other thing was trying to clarify the
2 initial legislation that enabled this Commission
3 to be. And part of the discussion became upon was
4 how the ownership of the three cities is
5 determined; what percentage is Paterson, what
6 percentage is Clifton, and what percentage is
7 Passaic.

8 So Law Department is now on research mode
9 because it's, in my opinion, a very important
10 process of what we have to do. And I'm also and,
11 you know, astute enough to know, that the
12 legislation has changed over the years. Just the
13 fact that Clifton has one more representative than
14 it had years ago is testimony to that and
15 fortunately, the owner cities didn't have to go to
16 court with each other. They found out a way to
17 rectify that.

18 But this issue of the percentage and
19 ownership, in my opinion, am I wrong in feeling
20 that way? It's kind of crucial to any kind of
21 policy decision. I don't want to put the Law
22 Department on a spot, but how soon can we have
23 that back to our committee so we can wrap our
24 heads around that situation?

25 MR. HANLEY: It is complicated because of

1 the fact that it was evolved and also because the
2 records are less than organized. But we're
3 getting there. But I think what is sort of a
4 misconception is that, and these are my words, but
5 the question posed is sort of like this were a
6 private corporation and each owner city has a
7 certain degree of equity, if you would, or stock
8 if you want to put it in similar terms.

9 I don't think that's the way it works.
10 Yaacov will be happy to disagree with me. He
11 does.

12 Again, we still have more research to do,
13 but we're a separate corporate entity. The
14 property that the Commission owns, the Commission
15 owns. There were provisions in its founding with
16 respect to the original condemnation that took
17 place when the new Commission acquired the private
18 water companies and the acquisition of that was
19 funded by the member cities. That debt has long
20 since been paid off. So thus far from what I can
21 determine, you all, using the technical term, I
22 should say the Commission on behalf of the public,
23 really, like a municipality, owns the properties.
24 You issue your own debt. It's your capital and
25 dissolution of the Commission. And this I have,

1 but there's nothing in here to contradict this at
2 this point. It's a separate issue and I don't see
3 where thus far where the statute addresses it.
4 And I know there's articles of agreement how to
5 address it.

6 Finally, as you know, it used to be four
7 members of the Commission first founded; two from
8 Paterson by way of statute and by way of the Court
9 Order that approved the formation. One from
10 Passaic. One from Clifton. That was changed, I
11 forget the date, but a long time ago to be seven
12 which is what we are now.

13 This body governs the management, the
14 operation, the decisions, the funding and is
15 responsible for it. For example, the
16 municipalities are not -- you're about to issue
17 2015 refunding bonds even though that's really a
18 refinance of an existing debt. The cities have no
19 obligation with respect to those bonds. For
20 example, that's your obligation and it's secured
21 by the revenues that you are able to produce.

22 That's a long way of answering that. I
23 don't think you can characterize the cities'
24 interests as one where they have percentages of
25 equitable interest in the Commission itself. It's

1 more like when they, for example -- well,
2 actually, I was going to say it's a little bit
3 like the NUA but it's different also, as you know,
4 you have your own statute.

5 Maybe you can make it even simpler.

6 MR. BRISMAN: As you may or may not know,
7 whenever there's a statute it will trump any
8 agreement that the parties reach. We started
9 looking at articles of agreement and percentages
10 in there and then we always really start with the
11 statute and work our way back.

12 And looking at the statute that is
13 currently in effect, it's the statute that, I
14 don't know when the statute first came into being,
15 but the statute that creates the seven member
16 Commission says very simply how Commissioners are
17 calculated, how you get that seven member group.
18 And what that statute says is that in a
19 municipality with a population of a hundred
20 thousand or more, three members on a Commission.

21 So you look at when you created your
22 Commission. Based upon the first paragraph of the
23 statute, you determine if you're a county. You
24 then look at population. So you know that you're
25 going to have seven members. That's what the

1 statute says. It's important to point out it says
2 "shall consist of seven", you can't have less; you
3 can't have more. And as I said before, that if
4 you have a population of a hundred thousand or
5 more, you get three members. Then a municipality
6 with a population of 50,000 or more but less than
7 a hundred thousand shall have two members. So
8 this statute is strikingly similar to the
9 situation that we have here which is why West Law
10 they actually entitle it: Passaic Valley Water
11 Commission.

12 So it's clear that you go to the
13 population based upon the statute. We have three
14 cities that are applicable here. One of them I
15 checked. I think the numbers were accurate as of
16 2013. Paterson I believe had around 145, I'm
17 rounding it off, 145,000 residents, whereas
18 Clifton had around 85,000 and Passaic had 72 or
19 73,000. So based upon the statute, Paterson has
20 three, Passaic and Clifton each have two.

21 So since this is a currently effective
22 statute, we don't need to go back to the articles
23 of incorporation or to the articles of agreement
24 in the '30s and the '40s and talking about two
25 thirds. It's simply trumped and superseded by, I

1 don't know if I should use the word "trumped" in
2 this heightened political climate, but superseded
3 by the statute. And for those who are interested,
4 the statute is N.J.S.A. 40:62-110.1.

5 So my reading of it is that it's pretty
6 clear and straightforward as to how the allocation
7 of Commissioners works.

8 COMMISSIONER KOLODZIEJ: As you can see,
9 our committee meetings are going into a great deal
10 of depth. All of this started because of how do
11 we collect our water liens. That's how all of
12 this started. But as you're researching all of
13 this, other important things are coming up. So
14 I'm very grateful that Commissioner Cleaves sits
15 on that committee and of course Commissioner
16 Sanchez has been here a long time. I hope you
17 find it as informative as I am. So now we can
18 schedule the next meeting and move forward with
19 the water liens.

20 MR. HANLEY: If I may? Yaacov and I
21 talked about this too. We think it's a very
22 useful exercise because our plan was to keep this
23 in one place going forward so we don't have to
24 reinvent the wheel and try to collect as many
25 historical documents.

1 COMMISSIONER KOLODZIEJ: Absolutely.

2 Thank you.

3 MR. AMODIO: Executive Director's report.

4 MR. BELLA: Just briefly, I'd like to
5 answer Bill's question.

6 This project about the New Street
7 Reservoir came from when we were doing work that
8 we were ordered to do. Divers in there, they
9 noticed some stuff that needed to be repaired,
10 some things needed to be repaired. So we're just
11 trying to do that. We want to get that done
12 before the wintertime. This will be all done by
13 divers on the New Street Dam.

14 As far as the public outreach is
15 concerned. We don't have dates. We'll have dates
16 probably within a week or so, maybe two weeks,
17 what dates we're going to try to set them up.

18 As far as the reservoirs, that's all I
19 really have. Nothing new.

20 We're waiting for the standby generators,
21 get the final approvals.

22 The tank at Verona which is part of the
23 Phase 1 upgrades; the welding is completed, so
24 it's a complete tank. Now we'll start
25 sandblasting it and painting it. So that will

1 happen in the next couple of months. We should be
2 putting that in service probably in October or so.

3 The cleaning lining projects, at the next
4 meeting we'll give you a detailed picture of what
5 we're going to be doing because, you know, the
6 cleaning lining and the main replacement are going
7 to be fairly large and widespread throughout our
8 system. So it would be affecting all of our owner
9 cities and at line systems. That will happen. So
10 we'll give you the details of that next week.
11 We're working closely with the cities letting them
12 know what we're going to do. Videotape all those
13 streets and everything so we know exactly where
14 we're at.

15 PRESIDENT CLEAVES: Make sure you pave
16 that curb to curb.

17 MR. BELLA: No, we're not curb to curb.

18 So what we're doing is we're making sure
19 what we do is going to be done right for the owner
20 cities.

21 On the production side, this last month,
22 remember earlier we were talking about how bad a
23 spring and early summer we were having, but it
24 really turned around. We had a long dry spell.
25 Wholesale sales might break a record this month if

1 it continues. Last month very close to breaking a
2 record. So we're really happy about that.

3 COMMISSIONER DeVITA: From the heat?

4 MR. BELLA: Yes. The people down at the
5 plant have done a fantastic job with some of the
6 challenges when the water temperature starts to
7 get low.

8 Rich and I talked about this. You start
9 to see different algae growing in the river. It
10 makes it a little more challenging to treat which,
11 by the way, you know, we've been looking at -- we
12 increased our algae studies during these
13 conditions for treatment reasons. Particularly,
14 concerned about blue/green algae growths. So far
15 it's very low. These lower numbers are probably a
16 credit to all the regulation that the State put in
17 maybe eight or ten years ago so that the nutrient
18 levels in the river are much lower so we don't see
19 it. But just to assure you that even if we did,
20 we remove the algae before we disinfect it which
21 is a big step. Get rid of most of the problem
22 causing algae cells initially and then you hit it
23 with disinfection which is what kills them so you
24 don't get the high levels of toxins being released
25 in the water. And after that, we have activated

1 carbon filters so if something gets through, you
2 know, you'll get a lot of movement. And we tweet
3 the process in terms of PH and that kind of thing
4 if we start to see problems.

5 So we're really well prepared for that.
6 We're in a good position. All that work and all
7 that research we did with the research foundation
8 pay off in those ways.

9 Other than that, that's all I have for
10 this meeting.

11 Next meeting I'll give you a detailed
12 report on the cleaning lining projects.

13 PRESIDENT CLEAVES: Thank you.

14 MR. AMODIO: Controller's Report.

15 MR. WEISS: Cash on hand is \$14.8 million.

16 Our accounts payable total is 2.9 million.

17 I apologize, I don't have exact numbers
18 for accounts receivable. I started running it too
19 late to have the final number, but our 30 days
20 accounts receivable, I anticipate when I pull
21 those reports it's going be about the same as it
22 has been. It's been pretty consistent.

23 Our cash collections are still sluggish
24 because we're still catching up on the billing
25 because of the new billing system. We're right

1 now on track to be caught up by the end of this
2 month, so, hopefully, by September we should be
3 smooth sailing.

4 You heard about the audit which was great
5 news. You heard about the Moody's upgrading us
6 and affirmed our A rating which is also great
7 news.

8 Budget's in process. We're scheduling
9 time to get together with department heads so we
10 that can move that along and that's going to be
11 handled in the finance committee meetings.

12 I think that's it, unless anybody has
13 questions.

14 MR. AMODIO: George, would you like to do
15 the Resolution that you sent out?

16 MR. HANLEY: The new one?

17 MR. AMODIO: Yes.

18 MR. HANLEY: Really, this is just a
19 followup to the presentation and the direction we
20 got from the Commission a couple of months ago.
21 The reason it took so long, frankly, is not
22 because any substantive issues. It was just
23 getting the logistics of the conflicts between the
24 city and us and it had to do with, the biggest
25 thing had to be resolved was their insurance

1 structure was a little different than ours so we
2 had to tweak the indemnification clause to make
3 sure that what both parties were indemnifying each
4 other for were reflected in the insurance
5 policies. And so we used our risk consultant and
6 they used their risk consultant and got together
7 and worked that out, sort of technical.

8 Other than that, it's just the
9 authorization that you directed probably a couple
10 of months ago that we retain the Paterson Fire
11 Department for whatever confined space obligations
12 we had.

13 COMMISSIONER BAZIAN: I'm sorry --

14 COMMISSIONER DeVITA: I don't remember any
15 of that.

16 COMMISSIONER BAZIAN: I don't remember any
17 direction, at least not in any open session here.
18 When did that occur?

19 COMMISSIONER KOLODZIEJ: Many, many months
20 back because this is a requirement. We have open
21 spaces. And I just needed to get back to the
22 catastrophic event that happens here. We went out
23 to the three owner cities because Paterson was
24 doing it for us before then, we had this
25 discussion, and we went to the three owner cities

1 because we didn't want to go to private contract
2 and we asked the three owner cities' fire
3 departments to put in a proposal to do this
4 confined space work.

5 Well, Clifton wasn't interested and
6 neither was Passaic. So the only one that
7 responded was Paterson. And there was no
8 direction from this Commission to go out to the
9 private sector to test, you know, what their rates
10 were going to be compared to what the private
11 sector would be.

12 So if there's any question and you want to
13 go back to the minutes of those meetings, we
14 certainly can do that. But my concern is we
15 cannot be without somebody to administer, we can't
16 do this -- well, I'm not going to put words in my
17 colleague's mouth because he had a question in
18 regard to inhouse. Correct, Commissioner DeVita?

19 COMMISSIONER DeVITA: Can we get this
20 inhouse? Are there people that we have can do it?

21 We're looking at \$150,000 a year in flat
22 fee. Hopefully, we'll never need them. That
23 sounds like a lot of money.

24 Can we get people trained inhouse to do
25 this? Are any people trained inhouse? I know we

1 have all these safety courses everybody goes to.

2 MR. HANLEY: Well, you were advised at
3 your meeting that we did not have the inhouse
4 capability which is what started the whole thing.

5 COMMISSIONER KOLODZIEJ: That's not the
6 question now. The question now is because it's
7 taken so long to get here, we may be in a better
8 position --

9 MR. HANLEY: Well, that I can't --

10 COMMISSIONER KOLODZIEJ: -- Than we were.
11 Maybe you can pursue that, Commissioner DeVita, as
12 to whether anybody inhouse has been upgraded to
13 the point that they can do this.

14 COMMISSIONER DeVITA: Question: They do
15 this for us now?

16 MR. HANLEY: Yes.

17 MR. BELLA: If we dial 911, they do
18 respond.

19 COMMISSIONER DeVITA: So if we have an
20 issue, we can still call them?

21 MR. HANLEY: They said in the interim they
22 will respond.

23 COMMISSIONER DeVITA: So I mean, is there
24 any harm to postponing this for a month to check
25 it out?

1 MR. HANLEY: All I can tell you I
2 implemented. You have to ask Joe or Jim or
3 whoever knows about this.

4 MR. BELLA: We'll get details and have a
5 report for you.

6 COMMISSIONER KOLODZIEJ: Would that be
7 something that personnel can look at? Because,
8 obviously, it's a matter of do we have the inhouse
9 people that can do this.

10 COMMISSIONER DeVITA: Or can be trained.

11 COMMISSIONER KOLODZIEJ: Correct. We seem
12 to be in a better position now training wise than
13 we were six months ago.

14 MR. AMODIO: Hold this until next meeting.

15 COMMISSIONER KOLODZIEJ: It's going to go
16 to personnel.

17 COMMISSIONER DeVITA: Personnel committee
18 is going to look into this and see about people
19 inhouse, training them, all that.

20 MR. AMODIO: Okay.

21 COMMISSIONER LEVINE: Which one is this?

22 COMMISSIONER KOLODZIEJ: It was the one
23 just given to us.

24 MR. AMODIO: It's not on the agenda.

25 COMMISSIONER LEVINE: Okay.

1 MR. AMODIO: That will be it. We'll go
2 into closed session.

3 Do I have a motion?

4 COMMISSIONER BAZIAN: Move it.

5 COMMISSIONER KOLODZIEJ: Second.

6 MR. AMODIO: WHEREAS, Section 8 of the
7 Open Public Meetings Act permits the exclusion of
8 the public from a meeting in certain
9 circumstances;

10 WHEREAS, the public body's of the opinion
11 that such circumstances presently exist;

12 NOW, THEREFORE, BE IT RESOLVED, by the
13 Commissioners of the Passaic Valley Water
14 Commission:

15 1. The public shall be excluded from
16 discussion of the hereinafter specified subject
17 matters; the general nature of the subject matters
18 being: Financial, Insurance, Personnel,
19 Contracts, Negotiations, Security, Law. We have
20 Summary/Aging; 2 Market Street; Paterson Museum;
21 Water Liens; Workers' Comp, Randy Brause;
22 Promotions: Jeff Baig and Tae Pak, and any other
23 matter as may be discussed in camera.

24 2. It is anticipate at this time that the
25 above-stated subject matters will be ratified

1 during public meeting following or soon thereafter
2 as the reason for discussion no longer exists.

3 3. This Resolution shall take effect
4 immediately.

5 Second by Commissioner Kolodziej.

6 On the roll.

7 Commissioners Sanchez and Graddy are
8 absent.

9
10 (Roll call was taken, all Commissioners
11 present respond in the affirmative. Commissioners
12 Sanchez and Graddy are absent)

13
14 ***

15
16 MR. AMODIO: On the roll.

17
18 (Roll call was taken, all Commissioners
19 present respond in the affirmative. Commissioners
20 Sanchez and Graddy are absent)

21
22 MR. AMODIO: You have a quorum.

23 The time is 1:25 p.m.

24 We'll go to the Consent Agenda. The
25 minutes of Passaic Valley Water Commission in

1 camera and Regular Session Meetings held July 15,
2 2015.

3 Do I have a motion?

4 COMMISSIONER KOLODZIEJ: So moved.

5 COMMISSIONER BAZIAN: Second.

6 MR. AMODIO: By Commissioner Kolodziej.

7 Second by Commissioner Bazian.

8
9 (Roll call was taken, all Commissioners
10 present respond in the affirmative. Commissioners
11 Sanchez and Graddy are absent)

12
13 MR. AMODIO: Thank you.

14 Does the Chair accept, receive, and file
15 Miscellaneous Purchase Orders from Linda
16 Beckering, Purchasing Agent, for the period of
17 July 6, 2015, to August 9th, 2015?

18 PRESIDENT CLEAVES: Yes.

19 MR. AMODIO: Thank you very much.

20 Next: We'll go to on Resolutions. Would
21 you like to do one vote?

22 COMMISSIONER KOLODZIEJ: Yes.

23 PRESIDENT CLEAVES: Yes.

24 MR. AMODIO: State Contract

25 Telecommunications Services for Upgrade of PVWC's

1 UCB IVR System and Addition of Electronic Funds
2 Transfer Payment Option. Recommendation to award
3 to NEC Corporation in the amount of \$39,243.90.

4 Next: State Contract for one (1) year
5 2015 Ford Explorer 4-wheel drive in the amount of
6 \$28,760. Two (2) year 2016 Ford F250 4-wheel
7 drives in the total amount \$77,427. And one (1)
8 Ford 2015 F450 Regular Cab in the amount of
9 \$42,069.50 from Beyer Ford of Morristown.

10 Next we have procurement of computer
11 equipment. Three new laptops. One for PVWC's
12 purification and the remaining laptops as spares,
13 in the amount of \$3,186.57 from Dell Marketing.

14 Project 15-P-2 "Professional Services (New
15 Jersey Licensed Title Company) for Title Searches
16 and Related Matters". Recommendation to award to
17 Passaic Valley Title Services of Clifton, New
18 Jersey.

19 Next: Project 15-P-20 "Professional
20 Services For Medical Insurance Issues".

21 Recommendation to award to Brown & Brown Metro.

22 Contract #15-B-37 "Residuals Thickening
23 Aid Polymer". Recommendation to Reject and Rebid.

24 Project 15-P-29 "Professional Engineering
25 Services for Material Selection/Applications and

1 Related Matters". Recommendation to award to
2 Materials Selection Resources of Pennington, New
3 Jersey.

4 Questions?

5 COMMISSIONER BAZIAN: One question. Just
6 for the record, our agenda says one computer?

7 PRESIDENT CLEAVES: He sent a revised.

8 COMMISSIONER BAZIAN: You did, I didn't
9 see it. I apologize.

10 MR. AMODIO: It was three and it was one.

11 COMMISSIONER BAZIAN: I just wanted to
12 make sure.

13 PRESIDENT CLEAVES: Yup, he did.

14 COMMISSIONER DeVITA: Question.

15 MR. AMODIO: Yes.

16 COMMISSIONER DeVITA: On 15-P-20 Medical
17 Insurance Issues, we had no proposals received?

18 MR. AMODIO: No, we had one from Brown &
19 Brown. That was it.

20 COMMISSIONER DeVITA: Nobody else?

21 MR. AMODIO: Nobody else.

22 COMMISSIONER DeVITA: Everything went out
23 the normal. We solicited people.

24 MR. AMODIO: Yes.

25 COMMISSIONER DeVITA: Also, on 15-P-2, I'm

1 just going to abstain on them because I use their
2 services.

3 MR. AMODIO: Okay.

4 PRESIDENT CLEAVES: Anymore questions?

5 MR. AMODIO: Motion.

6 COMMISSIONER BAZIAN: I'll move.

7 COMMISSIONER KOLODZIEJ: Second.

8 MR. AMODIO: Motion by Commissioner
9 Bazian.

10 Second by Commissioner Kolodziej.

11

12 (Roll call was taken, all Commissioners
13 present respond in the affirmative. Commissioners
14 Sanchez and Graddy are absent)

15

16 COMMISSIONER DeVITA: Abstain on 15-P-2;
17 yes on the rest.

18 MR. AMODIO: Motion approved.

19 Next we have New Business. Summary of
20 Disbursements & Payrolls through August 19, 2015,
21 in the amount of \$6,295,569.46. Motion by
22 Treasurer?

23 COMMISSIONER BAZIAN: So moved.

24 MR. AMODIO: Thank you.

25 Motion by Commissioner Bazian.

1 Do I have a second?

2 COMMISSIONER KOLODZIEJ: Second.

3 MR. AMODIO: By Commissioner Kolodziej.

4 On the roll.

5

6 (Roll call was taken, all Commissioners
7 present respond in the affirmative. Commissioners
8 Sanchez and Graddy are absent)

9

10 COMMISSIONER DeVITA: Yes. Abstain on
11 Rachles Michele.

12 MR. AMODIO: Thank you.

13 Nothing else on New Business. No
14 recommendations from closed session.

15 Is there anything for Good and Welfare?

16 PRESIDENT CLEAVES: No.

17 COMMISSIONER BAZIAN: Motion to adjourn.

18 COMMISSIONER DeVITA: George, has
19 something.

20 MR. HANLEY: Just one quick note. With
21 respect to the adjacent restaurant, the survey was
22 completed. We do not have the formal report yet
23 so we'll get that to you soon.

24 MR. AMODIO: Motion to adjourn?

25 COMMISSIONER BAZIAN: Motion to adjourn.

1 MR. AMODIO: By Commission Bazian.

2 COMMISSIONER KOLODZIEJ: Second.

3 MR. AMODIO: Second by Commissioner

4 Kolodziej.

5 On the roll.

6

7 (Roll call was taken, all Commissioners
8 present respond in the affirmative. Commissioners
9 Sanchez and Graddy are absent)

10

11 MR. AMODIO: The time is 1:31.

12 The next meeting is scheduled for
13 Wednesday, September 16th at 12:00 noon.

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C E R T I F I C A T E

I, LYNANN DRAGONE, License No. XIO1388, 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, CCR
Certified Court Reporter