

**Passaic Valley Water Commission**

**June 24, 2014 Board Meeting**

**Public Questions on Levine Reservoir Project**

1. Have the bonds indicated by the PVWC that will be used to finance the \$120 million reservoir draining and tank construction project been approved and if so, when does the 30-year repayment period begin? If not, when is the 30-year period estimated to begin?

Response: Each of the three phases of the project will be financed through 20 year bonds (not 30 years). The three phases of the project have not been bonded yet. The first phase, which includes the tanks at Levine and the Generators at the Little Falls Water Treatment Plant, will be funded by the New Jersey Environmental Infrastructure Trust. Payments begin when construction is complete which may be in 2017. The Verona Tank is not being bonded but will be paid out of the Commission's annual capital budget.

2. For the cost estimates recently released by the Commission indicating there will be a minimal decrease in the typical quarterly bill without the reservoir through 2024, how were these cost estimates prepared?

Response: A cost analysis study was performed by an outside, professional consultant.

3. Given that the \$120 million in bonds are slated to be paid off over a period of 30 years, what is the anticipated effect on quarterly water bills at the end of the 30-year period?

Response: Again, each of the three phases will be funded through 20 year bonds (not 30 years). Due to the retirement of other bonded debt in 2023, the Commission envisions no additional increases in quarterly bills associated with the reservoirs after that time.

4. Seeing as how plans have already been approved for the reservoirs in both Woodland Park and Paterson, when the Commission does eventually hold a special hearing specific to the reservoir, would it not be worthwhile to discuss all three reservoirs, even if the Levine Reservoir is slated to begin work first?

Response: No final design plans have been approved for any of the project phases. We believe that this long-term project would be best served by focusing on the Phase 1 work as opposed to the later project phases which are years in the future.

5. Has the Passaic Valley Water Commission scheduled or will it be scheduling its own public hearings or information sessions specific to the reservoir project rather than relying on outside groups such as the Paterson Historic Preservation Commission or NJ Community Development Corporation? If so, will this be done during the two month period which the PVWC is calling for a delay in the DEP administrative consent order?

Response: We will be scheduling a public meeting once we have the results from the alternative sites analysis. We do not think it productive to have another public meeting until that is completed.

6. As a public body, do you believe the Commission should be responsible for holding its own information sessions separate from regularly scheduled meetings taking place during weekdays when many are at work?

Response: The Commission welcomes the public to our monthly Board meetings to discuss any issue, not just the reservoirs. The Commission has had and will have additional public meetings related to the reservoir project. Note that the Commission has been notifying the public for over 4 years regarding the reservoir project.

7. In a response to one of the questions asked last month concerning why information was just posted on the PVWC website this year when the plans to drain the reservoirs were approved in 2012, the Commission indicated “the design of the new facilities has progressed to the point where there is enough detail to present to the public.” Given that the plan was approved two years ago, there must have been some research or information available, why was it not released at that time?

Response: The Commission has been notifying the public through our consumer confidence reports and meetings with elected officials whatever information has been available for the past 4 years.

8. What is the position of this Commission on looking at alternatives for Great Notch, New Street and Levine reservoirs to be left as open air bodies of water and have tanks located off site, such as is the case with the Jacqueline Kennedy Onassis reservoir, which has been decommissioned for years but is still an open air body of water in Central Park?

Response: We are presently exploring three off-site locations for the Levine Reservoir and will investigate alternatives for New Street and Great Notch as we move forward. Please note, however, that the existing reservoirs presently contain treated drinking water that will no longer be available to keep the reservoirs filled if off-site locations are found.

9. Did the Passaic Valley Water Commission speak with the Passaic County Board of Freeholders when the Freeholders initiated their strategic plan to renovate all the county parks?

Response: No because the reservoirs are not located in any county parks

10. Cryptosporidium is basically a nuisance, all it's going to cause (unless you are immune compromised) is a little bit of diarrhea; no different than E. coli, no different than salmonella. These parasites and bacteria are all around us, does somebody have a plan somewhere along the way to control all public pools, lakes, ponds, streams, et cetera, because that parasite that the government seems to be worried about is found in all those places.

Response: We disagree, as do every health and environmental agency that has jurisdiction over the public health. Cryptosporidium, as well as E. Coli, salmonella and other pathogens, have been the source of many sicknesses, and not just among the immune-compromised who are obviously much more vulnerable. The Commission takes its commitment to protect the public's health very seriously and we believe it is a dangerous precedent to try and minimize or dismiss the potential risks. Note it is the standard of care in the water industry that no drinking water be exposed to potential contaminants.

11. Your website indicates that it's going to be a 30 year bond which would go to 2044, yet the graph only goes up 2024. So I wondered what happens after that period of time?

Response: Note that the Commission intends to issue 20 year bonds (not 30 years) for each of the three Phases of the project. Due to the sequencing of the work, there will be an upfront 10 year design and construction phase that effectively makes this a 30 year project. Due to the retirement of other bonded debt in 2023, the Commission envisions no additional increases in quarterly bills associated with the reservoirs after that time.

12. The major issue facing Passaic Valley Water Commission is how to finance both the replacement of its finished water reservoirs as required by law and continue replacement and rehabilitation of its distribution line as necessary due to the deteriorating conditions. The Commission's service area has some low income people and this project, combined with the CSO sewer projects, are going to cause increased hardships.

Response: Due to rate stabilization measures that are already underway, and because of the retirement of other bonded debt anticipated by 2023, the Commission is making every effort to minimize the rate increases to our customers.

13. The Federal Historic 106 Review of the Levine Reservoir project has not yet begun officially. I believe this is a very intensive and time consuming process which may impact the project and its schedule.

Response: The Commission is committed to meeting all of the regulatory review requirements. The NJDEP also understands the importance of the federal review and has not imposed a time limit in the Amended Administrative Consent Order.

14. I think that that would be wise to extend the two-month alternative site analysis for the Levine reservoir. One of the reasons that we very much want to have hearings and as much dialogue as possible is because we are learning that there are other groups who are very interested in this. My colleague told me he was in a conference yesterday and that New Jersey Conservation Foundation wants to be involved. And so there are many other groups as word gets out who want to be heard on this and who I think have some valuable input to add to the debate.

Response: The Commission has no restrictions regarding any person or group attending a meeting on the reservoir project. Note, however, that the time extension (three months, not two months) was granted by the NJDEP.

15. I would ask this Commission to make sure before you do anything that you are fully up to date on the issue of the long term combined sewer outflow control plan that the City of Paterson is going to be forced to adopt, which again is estimated at \$175 million. When you take that and you add the \$135 for the reservoir project, (which I believe is probably closer to \$200 million from your plan), that it is going to be such a shock to the ratepayers. And we have to be very, very mindful of that.

Response: As indicated previously, the Commission is making every effort to minimize the rate increases caused by the reservoir project.

16. We have written, sent emails, suggested many dates over the past few months but there has been no public meeting thus far. In your on-line response to the question posed at last month's meeting, you suggested a meeting will be held in late May or early June. It is almost late May now. I would ask each of the Commissioners this question: If this was being built near your home in your neighborhood and it was massive concrete tanks, would you insist on a public meeting before drawings were a hundred percent completed?

Response: The Commission has had public meetings on this project and has made information available on the project for the past 4 years. We will schedule another public meeting after the alternate site analysis for the Levine Reservoir is complete. Regarding the proposed concrete tanks, we will try to minimize the visual impact to the few homeowners who will be able to see the new tanks. We wish to emphasize, however, the health and safety benefits of the project to the general public as noted in our response to comment no. 10 above.

17. Finally, I wanted to commend the people from Woodland Park, some of them who want a meeting in Woodland Park for the New Street and Great Notch Reservoir. The Planning Board from 2009 to 2010 suggested a design for Levine. It is almost exactly what you are planning to build over there. So the argument that we have to wait for design is not accurate. I think this Commission should take those planning concepts and bring them to the people of Woodland Park, because you have signed an Administrative Consent Order to build what you had already planned for. And so Woodland Park residents should be able to comment on those plans today.

Response: Each of the three phases of the reservoir project is a large undertaking that will require extensive regulatory and public input. For that reason, the Commission believes it is necessary to address the phases one at a time. Note that Phase 2 of the project (New Street Reservoir) will probably begin the design phase in 2016 and the Commission will be scheduling public meetings at that time.