

PASSAIC VALLEY WATER COMMISSION MEETING OF

DECEMBER 19, 2012

(OPEN SESSION)

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

ROBERT VANNOY, President

RIGO SANCHEZ, Vice-President

JEFFREY LEVINE, Treasurer

GLORIA KOLODZIEJ, Secretary

IDIDA RODRIGUEZ

THOMAS P. DeVITA

MENACHEM BAZIAN

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

1 MR. AMODIO: On the roll.

2

3 (Roll call was taken, all Commissioners
4 present respond in the affirmative)

5

6 MR. AMODIO: Commissioner Rodriguez is on
7 her way.

8 Thank you.

9 You have a quorum.

10 The time is 9:43 a.m.

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

19 Will you please rise.

20 A moment of silence.

21 Counsel, if you would, please, if you
22 would like to swear in Commissioner Kolodziej who
23 was reappointed for another four years.

24

25 (Whereupon, Commissioner Kolodziej was

1 sworn in)

2

3

MR. AMODIO: There are no members of the public. However, we do have Mr. Bill Lloyd from Westin who is here to discuss the business process review.

6

7

Bill Lloyd, if you would, please.

8

9

MR. BELLA: You all know, Bill Lloyd is from Westin Engineering. They're a nationally and internationally recognized firm, particularly when it comes to IT.

10

11

12

Bill is going to give us a report on his findings and what the recommendations are and we're going to go forward.

13

14

15

So that's what we have planned on. That's what you directed us to do.

16

17

18

MR. LLOYD: Joe's handing out copies of slides that I'm going to use to kind of go through. The full project is the Information Technology Strategic Plan and that's what we're focusing on.

19

20

21

22

My understanding is you all have a copy of that; so.

23

24

25

(Whereupon, Commissioner Rodriguez is

1 present at 9:48)

2
3 MR. LLOYD: What I want to go through,
4 looking at the agenda, which is slide two which we
5 handed out, is start out by briefing you on the
6 project goals and approach of why you would want
7 to make some changes; what the vision is for using
8 information technology at the Commission; and then
9 we'll talk about the assessment of business
10 processes which was our first step and how that
11 leads to some decisions about some technology
12 directions and finish with recommended projects
13 and a draft of schedule.

14 Okay.

15 So talking about our project goals, which
16 is on slide three, the bottom of the first page.
17 There were three goals in this project; to assess
18 more than 20 existing business processes, to
19 develop a practical information technology
20 strategic plan and there are some sub-goals there
21 because you are doing most of your business using
22 computer applications from the '90s. You're
23 looking to deliver significantly increased
24 business functionality to improve your ability to
25 be responsive to your customers, to improve

1 business processes, to integrate data. You know,
2 if it's in a computer somewhere in the
3 organization, it should be accessible.

4 COMMISSIONER SANCHEZ: I'm sorry to
5 interrupt. But, you know, before -- I was looking
6 through the report and the report was telling us,
7 basically, what you will do from now on. And that
8 remind me of a man who went to church in his hat.
9 At the end of the service, his hat wasn't there so
10 he come back, shut the door, and he says, ladies
11 and gentlemen, we are all honorable people but my
12 hat is missing. So let's look for the hat.

13 What I mean is that I see in the report
14 all the suggestions you have to make it better.
15 But tell us what you found that we are doing wrong
16 in terms of work order tracking, some accounts was
17 not getting billed, some inventory management. In
18 that sense, will you go back and this information,
19 tell us what you found that how that was being
20 done right; those three items.

21 MR. LLOYD: Okay. You said work order
22 tracking, inventory management, and what was the
23 other one?

24 COMMISSIONER SANCHEZ: Some accounts were
25 not getting billed.

1 COMMISSIONER RODRIGUEZ: Customer service,
2 billing -- the inability of -- the lack thereof.

3 COMMISSIONER DeVITA: Wouldn't you
4 ordinarily answer those questions in
5 the presentation?

6 MR. LLOYD: Actually, in part of the
7 presentation, the fourth agenda item when we talk
8 about the assessment of business process. My
9 fourth agenda item is the assessment of the
10 business processes so that's where I can address
11 those.

12 COMMISSIONER SANCHEZ: Okay. Fine. I
13 just want to know.

14 COMMISSIONER BAZIAN: If I may, in
15 general, I think Commissioner Sanchez hit probably
16 the ones are most general. I'm also interested in
17 anything else.

18 MR. LLOYD: Okay. Okay.

19 So I want to call your attention to slide
20 four at the top of the second page there. This
21 was how we approached, because it is, as you refer
22 to and our leading step was to assess your
23 existing business processes. But we also assessed
24 how you were currently using technology and we
25 looked for a five year planning horizon. Water

1 pipes and so on you can plan 25, 30 years so on.
2 When it comes to information technology, it's very
3 difficult to know what's going to happen and what
4 new technology is going to be emerging in about
5 five years out in the future. So that was our
6 planning horizon.

7 So we looked at your emerging challenges;
8 where you needed to be. We addressed business
9 process issues and business challenges five years
10 from now, how that compared to your existing
11 technology capabilities and that creates the gap
12 or the opportunities that need to be addressed in
13 a plan that goes out five years.

14 So then from there, that was the point in
15 which we wrote the Business Opportunities Report.
16 From there, we pulled together some recommended
17 technology projects. That was the Recommendation
18 Report. And then the step by step of how you get
19 from here to there is the full IT Strategic Plan.
20 We're covering all three of those documents today.

21 The one philosophy that's real important
22 here is the technology doesn't exist just for the
23 sake of technology. All these projects and so on
24 are not because it's, you know, it's interesting
25 and fun and you like computers, it's because you

1 have a business need to do things, to serve your
2 customers as a water utility. And all these are
3 technology plans to support those business needs.
4 So everything we're recommending here is pointed
5 toward a business need.

6 In thinking about your business, I want to
7 kind of give you my review of your culture and
8 your priorities here at the Commission. We work
9 all the time with water utilities; pretty much all
10 we do is water utilities all over the country and
11 I have to say that in comparison to water
12 utilities of your size, you are a very innovative,
13 entrepreneurial organization.

14 Some of the things you've done with your
15 acquisition, your service area expansion, the fact
16 that you provide services to other utilities and
17 other utilities have outsourced to you their
18 customer service operations and their laboratory
19 analysis, maintenance is a service to other
20 utilities, it's very unusual. It's a trend. You
21 hear about it in industry conferences, very few
22 utilities are as far along as you are.

23 Your management has also recognized the
24 needs to apply social media to improving your
25 customer service and public information, to

1 measure operational performance through all levels
2 of the organization and to use a spaciouly
3 related data, dated tied to the geography and the
4 location of your assets which are pretty
5 disbursed. To do that, you're relying on, you
6 know, highly experienced staff. Your people have
7 a lot of longevity, but a general statement about
8 the process is you are constrained by some paper
9 dependent processes.

10 COMMISSIONER BAZIAN: For example?

11 MR. LLOYD: For example, well, a lot of
12 paper.

13 COMMISSIONER RODRIGUEZ: This should have
14 had a projector.

15 MR. LLOYD: You're right.

16 COMMISSIONER RODRIGUEZ: With all due
17 respect, I'm not faulting anybody, but this is a
18 deficiency. We should have a projector here with
19 a screen, because to be honest with you, I can't
20 see any of this.

21 COMMISSIONER BAZIAN: Joe, can we,
22 perhaps, for next year look into perhaps getting,
23 at the very least, a screen and a projector?

24 COMMISSIONER SANCHEZ: Don't we have one?

25 COMMISSIONER RODRIGUEZ: I can't see this.

1 COMMISSIONER BAZIAN: Do we have a
2 projector?

3 MR. BELLA: Yeah, we have a projector.

4 COMMISSIONER BAZIAN: That will hookup to
5 a PC? Perhaps it would be better for the
6 Commissioners to just get the --

7 MR. BELLA: Shall we postpone? Keep
8 moving?

9 COMMISSIONER RODRIGUEZ: No, no. This is
10 important.

11 COMMISSIONER BAZIAN: I wouldn't want to
12 postpone it. If you have it handy, I can have it
13 set it up for you in three minutes. It doesn't
14 take very long.

15 MR. LLOYD: You want me to continue
16 talking?

17 COMMISSIONER BAZIAN: Yes.

18 COMMISSIONER RODRIGUEZ: What is it, it's
19 a \$350,000 project?

20 With all due respect, you put a lot of
21 work into this. The IT committee has spent a lot
22 of time on this, you know, work, with the RFP and
23 all that, and, you know, no fault of yours, we
24 should have set this up to have a presentation.
25 This is a \$350,000 project. I can't see this. I

1 want to see a visual.

2 COMMISSIONER SANCHEZ: Let me ask you this
3 from an administration point of view, who
4 administrates this project to get this
5 implemented? Is that something they do or
6 something we do?

7 MR. DUPREY: That would be done through
8 their expertise and administration. So, in other
9 words, Joe and whoever he assigns will be
10 interfacing with Westin Engineering for these
11 projects to move forward.

12 COMMISSIONER SANCHEZ: Is that the
13 \$300,000? Is that part of that?

14 MR. DUPREY: That's for his professional
15 services for the first phase.

16 COMMISSIONER SANCHEZ: Do we know how
17 much?

18 COMMISSIONER KOLODZIEJ: An estimate?

19 COMMISSIONER BAZIAN: We're jumping to the
20 end and I think it probably would be best --

21 COMMISSIONER KOLODZIEJ: He wants to --

22 COMMISSIONER SANCHEZ: Before you are
23 forced to do something, you got to find out the
24 price.

25 COMMISSIONER BAZIAN: According to the

1 initial estimate, and it's not complete because
2 there's some things that are out for repair.

3 MR. BELLA: It's out for repair.

4 COMMISSIONER BAZIAN: \$550 hardware,
5 1.7 million in software, and I'm seeing
6 3.4 million and I'm not sure if that's all Westin.

7 MR. LLOYD: No.

8 COMMISSIONER BAZIAN: In professional
9 services. It works out to a total of
10 \$5.6 million.

11 COMMISSIONER SANCHEZ: Over the five
12 years?

13 PRESIDENT VANNOY: Joe, can we move just
14 to Engineering just for the presentation?

15 MR. HANLEY: You just have to make it
16 available to the public. That's the logistical
17 difficulty.

18 MR. AMODIO: That's available to the
19 public.

20 MR. HANLEY: You have to post something
21 here. You have to alert the window the meeting
22 was moved there.

23 MR. AMODIO: Okay. We can.

24 COMMISSIONER SANCHEZ: Is it that
25 important to you?

1 COMMISSIONER BAZIAN: Can we take a break?

2 PRESIDENT VANNOY: Well, we have to. Or
3 if there's something else that they can be doing
4 while they're setting that up.

5 COMMISSIONER KOLODZIEJ: Are we zipping
6 through this public portion?

7 PRESIDENT VANNOY: I'm going to try.

8 COMMISSIONER KOLODZIEJ: Public comments.
9 I'm secretary, I can do that.

10 PRESIDENT VANNOY: Nobody's here. Any
11 members of the public?

12 MR. AMODIO: There are none.

13 If you would like to continue with
14 committee reports.

15 PRESIDENT VANNOY: Okay. Personnel.

16 COMMISSIONER KOLODZIEJ: Just one
17 question. When can I expect to have the report
18 from Mr. Brisman on the title change? I'm sure
19 the price that we paid we could have something in
20 writing. I asked for that at the last meeting.

21 MR. HANLEY: I'm sorry?

22 COMMISSIONER KOLODZIEJ: The title change
23 or title promotion or whatever for Mr. Kelly. I
24 had asked to have a hard copy of the legal opinion
25 that was given to you by Mr. Brisman. I don't

1 have it yet. So make a mental note or Louis if
2 you can please make sure that everybody receives a
3 copy of that for their files.

4 MR. HANLEY: Oh, I will do that. I
5 apologize.

6 COMMISSIONER KOLODZIEJ: Yes, I need a
7 hard copy.

8 Thank you.

9 MR. AMODIO: Back to personnel.

10 PRESIDENT VANNOY: Commissioner Sanchez.

11 COMMISSIONER SANCHEZ: I wasn't at the
12 last meeting.

13 PRESIDENT VANNOY: We don't really have
14 anything.

15 COMMISSIONER DeVITA: Yes, we do. We're
16 going to go into closed session. We had a lot of
17 discussion about the union contract which we can
18 talk about closed session.

19 PRESIDENT VANNOY: Yeah, but that's
20 closed.

21 COMMISSIONER DeVITA: No, I'm saying but
22 that's what the personnel talked about.

23 PRESIDENT VANNOY: Oh, okay. Everybody
24 else needs to know.

25 COMMISSIONER DeVITA: Personnel meeting we

1 had a long conversation.

2 MR. AMODIO: Finance.

3 COMMISSIONER LEVINE: We went over the
4 budget. We went over, actually, an issue that
5 Menachem brought up, took the whole meeting on
6 moving the money from capital, I guess, where
7 there's extra money in the budget at the end,
8 where it goes. Instead of bonding for the capital
9 improvement money, he wants the Commission to know
10 if we're taking it from the extra money, the
11 excess money leftover on the budget or, you know,
12 if the Commission just takes it upon themselves to
13 use the extra money for capital improvement when
14 we usually bond for it. So we went through the
15 whole meeting on that.

16 COMMISSIONER KOLODZIEJ: Can we have the
17 short version answer from Yitz?

18 COMMISSIONER BAZIAN: If I may, let me
19 just clarify.

20 The suggestion was income and expenses are
21 budgeted and the budget is our best estimate. So
22 there's an ebb and the flow; sometimes expenses
23 will be higher, sometimes expenses will be low.
24 So at the end of the day, we may wind up where the
25 differences between revenues and expenses is not

1 what we expected. So if we wind up with a
2 situation where the difference between revenues
3 and expenses leaves us with perhaps a little bit
4 of extra because our expenses, we were very good
5 in minimizing our expenses or maybe we had a good
6 year revenue wise, the question is what happens
7 with that extra revenue.

8 The revenue in the past when those things
9 happened has typically been applied to capital
10 improvements so we shouldn't have to bond that.
11 Conceptionally, I don't necessarily have a problem
12 with that, but my suggestion was is that that is a
13 strategic decision that really should be made by
14 the Board. If there are perhaps some funds that
15 we did not know existed, there are certain various
16 other things that we may want to allocate those
17 funds to. For example, we know that we have
18 something potentially coming up with Lodi. We can
19 increase our reserve for Lodi. There may be other
20 things that we could have done with that money.

21 So my only suggestion was that, for
22 example, the upcoming year's budget I think we
23 have about \$4.6 million that is budgeted for
24 capital improvements coming from cash. If we have
25 extra money and more than \$4.6 million wants to be

1 allocated to capital projects, that should be a
2 Board decision. There may be other things
3 relevant and important to the organization and
4 while we may make the same decision, most likely
5 we will, at least we should have that choice.

6 COMMISSIONER RODRIGUEZ: We set that a
7 long time ago because that was an issue from like
8 four or five years ago about, you know, trying
9 to --

10 COMMISSIONER KOLODZIEJ: Yes, it was.

11 COMMISSIONER RODRIGUEZ: All the revenue
12 that was carried over was to be appropriated to
13 capital improvement. Whether we have to review
14 that again, that was set.

15 COMMISSIONER BAZIAN: I was unaware of
16 that. That wasn't mentioned to me. I'm
17 suggesting --

18 COMMISSIONER KOLODZIEJ: I'm going to
19 fight him tooth and nail because there's nothing
20 more important in my opinion than our outdated
21 infrastructure. And if you just went through with
22 Passaic and Paterson what we went through in
23 Clifton, unanticipated breakage, they know where
24 the hot spots are. They absolutely know where the
25 hot spots are.

1 We are to be commended, because when I
2 first came here, we had no money to pay for up
3 front. So we worked very hard to build up that
4 ability to do some of these projects, paying cash
5 up front. So you want to make a new policy
6 decision for the new year, let's put it on the
7 January agenda for discussion. But right now,
8 Commissioner Rodriguez is absolutely right, we had
9 a policy.

10 COMMISSIONER SANCHEZ: Excuse me,
11 Commissioner. Would it be worth it to find out if
12 it's cheaper to borrow money for capital
13 improvements --

14 COMMISSIONER KOLODZIEJ: Let's do that in
15 January.

16 COMMISSIONER SANCHEZ: Can we find out if
17 it's cheaper?

18 COMMISSIONER KOLODZIEJ: It's never
19 cheaper when you can pay for stuff up front and
20 not have to -- and ask this good Commissioner who
21 sits on the State Board, what happens when you
22 keep bonding, bonding, bonding, right?

23 COMMISSIONER SANCHEZ: We have to come up
24 with some money for Lodi. My question to you is
25 whether it's cheaper to borrow money for capital

1 improvement or cheaper to go and borrow money to
2 pay Lodi?

3 COMMISSIONER RODRIGUEZ: It's the same
4 thing.

5 COMMISSIONER KOLODZIEJ: Exactly.

6 COMMISSIONER SANCHEZ: No.

7 COMMISSIONER RODRIGUEZ: Debt service is
8 debt service.

9 COMMISSIONER BAZIAN: Actually, with all
10 due respect, not necessarily. Usually, when
11 you're bonding for capital improvements, the terms
12 is different than taking short term notes. It may
13 be cheaper to borrow for Lodi or more expensive,
14 we don't know because we're talking about a
15 different type of debt.

16 COMMISSIONER RODRIGUEZ: Exactly. It also
17 depends on when you go out to the market.
18 Honestly, I can't -- you're right --

19 COMMISSIONER BAZIAN: We don't have to go
20 through this now.

21 COMMISSIONER KOLODZIEJ: January is --

22 COMMISSIONER BAZIAN: And for the record,
23 I'm not disagreeing with Commissioner Kolodziej.
24 All I was suggesting is that we as a Board should
25 be given a choice. Rather than locking it in

1 forever more that it must always be done the same
2 thing, there's sometimes emergent circumstances
3 that have to be dealt with. That's all I'm
4 suggesting.

5 COMMISSIONER RODRIGUEZ: What you're
6 suggesting and what Commissioner Sanchez is
7 suggesting, I think is a good -- my suggestion is
8 to look at it the first part of next year,
9 January, and also bring in our financial advisors
10 to have them look at this. Because I think, even
11 though I sit on the Local Finance Board, they know
12 a lot more than I do. They're the ones that have
13 educated me.

14 COMMISSIONER SANCHEZ: That's the
15 question.

16 COMMISSIONER RODRIGUEZ: So I think it's
17 an important issue to look at.

18 COMMISSIONER SANCHEZ: Whether it's
19 cheaper to borrow for capital improvement or --

20 COMMISSIONER RODRIGUEZ: I think it's
21 important to look at, yes.

22 COMMISSIONER KOLODZIEJ: I beg you to
23 really keep in the back of your head how outdated
24 our infrastructure is; how costly it is to deal
25 with it and that should be part of our planning

1 process. So I'm not just interested in cheap, I'm
2 interested in a planning process that addresses
3 these issues that we know exist and there's months
4 that I crossed my fingers that nothing bad happens
5 because then that's an expense that we're going to
6 have to bond for.

7 COMMISSIONER SANCHEZ: I agree with you a
8 hundred percent. That's not only costly, that's
9 overtime. That's a lot of --

10 COMMISSIONER KOLODZIEJ: Absolutely.

11 COMMISSIONER RODRIGUEZ: Coming from the
12 newly reappointed Commissioner.

13 Congratulations, Commissioner.

14 COMMISSIONER KOLODZIEJ: All right. Thank
15 you. I appreciate it. All right. January.

16 MR. BELLA: I just want to say one thing
17 about this discussion. This is a great
18 discussion. This is what we should be talking
19 about and this is really an important thing and I
20 really appreciate you, you know, putting a thought
21 and the experience of your, you know, all of
22 your -- this is key discussion and will continue
23 to be so for a long time, Commissioner, they
24 exist.

25 Thank you.

1 MR. AMODIO: Okay. We'll move to IT.

2 MR. HANLEY: I want to make one comment.
3 I did this work for about 15 years. I was also in
4 your position as an elected official and I
5 understand exactly what you're talking about and
6 my philosophy is very consistent with Commissioner
7 Kolodziej, because when you let the infrastructure
8 go, it always costs more money.

9 The other side of it is, there are, right
10 now, we're never going to be --

11 COMMISSIONER RODRIGUEZ: Never.

12 MR. HANLEY: And the other side of the
13 philosophy is that most capital improvements have
14 a 20, 30, 40 year period. Some would argue the
15 philosophies compete, that to impose 100 percent
16 of those thoughts on today's rate payers is not
17 fair. They're both right.

18 What I would suggest is not just bringing
19 to your financial advisor, also your auditor,
20 because they're going to give you the legal
21 options. You know, I don't know if the
22 Commission's budgetary rules are exactly the same
23 as municipalities, but I know that municipalities
24 can approve surplus and sometimes that's a very
25 good thing to do and sometimes they can choose

1 to -- they adopt a capital budget, but they're not
2 obligated to fund that capital budget in a certain
3 way. They can do it cash. They can do it --

4 COMMISSIONER RODRIGUEZ: You're absolutely
5 right.

6 MR. HANLEY: I'm not trying to tell you
7 what you should do, but maybe how to go about
8 making those strategic decisions.

9 COMMISSIONER RODRIGUEZ: George, I
10 appreciate that. You're recommending that we
11 look, just on a side bar, there are other options.
12 You're right, we're lucky, we're not a
13 municipality because all our surplus would be
14 going to tax appeals. That's a great option and
15 it's a great issue that both the Commissioners
16 from Passaic have brought up, along with this I
17 think we need to look at the long range plan and
18 see what's more feasible; the six million plus or
19 whatever that we owe Lodi or whatever we finally
20 agreed on, you know, our infrastructure
21 improvement.

22 MR. HANLEY: If you do that, if you choose
23 to fund that in part or in whole up front, what
24 would be the right balance?

25 COMMISSIONER RODRIGUEZ: And also, and I

1 think we also look at and in looking at this and
2 reviewing this, I'm hoping that something comes,
3 you know, out of Washington to help us with this.

4 MR. HANLEY: Maybe.

5 COMMISSIONER RODRIGUEZ: Yeah, that would
6 be great. If they would look and say we need to
7 finish the infrastructure.

8 MR. HANLEY: I just got a notice, I don't
9 know if it's appropriate now, from the NJEIT. I
10 sent it to Joe, Jim, and somebody. But NJEIT is
11 looking at doing funding that resulted from Storm
12 Sandy, Disaster Sandy. And if we have any
13 expenses, frankly, we discovered ad hoc that NJEIT
14 was ignoring us. They don't know about us. Okay.
15 Anyway, so we corrected that.

16 I don't know if we have such expenses, but
17 if we do, we should get in the parade. And I
18 would, again, your auditor, your financial
19 advisor, and your bond counsel in this instance,
20 because they are the ones who deal with the inner
21 circle, if you will, of the NJEIT staff.

22 MR. AMODIO: If everyone would like,
23 they're ready down in Engineering. If you would
24 like to move.

25 Obviously, IT we're going to move down.

1 Legal affairs, is there any report from
2 the legal affairs, Commissioner Bazian?

3 COMMISSIONER BAZIAN: No.

4 MR. AMODIO: No report?

5 COMMISSIONER BAZIAN: No report.

6 MR. AMODIO: Okay. We'll move on to the
7 Executive Director's report.

8 MR. BELLA: Speaking what we were talking
9 about large projects, the Commission will go out
10 to bid what we call multiple crossing at the
11 Passaic River in Belleville where we supply our
12 lower Bergen and Hudson County customers.

13 This was installed over a hundred years
14 ago. We've had problems over the years with them
15 and now we want to completely rehabilitate it.
16 It's all designed by inhouse staff. The bid
17 specifications were prepared inhouse and now we
18 want to go out and bid that and have it done
19 before the summertime.

20 It's a very complicated deal. It shutdown
21 one of the exits over in Bellville, but something
22 has to be done. That's our main artery of
23 supplying there. It's also, it can be reversed.
24 We can bring water across and into our system from
25 there. So it's an important link and the work

1 needs to be done.

2 So I would recommend that we do that.
3 That's the project. It will set us for the next
4 hundred years, that's for sure.

5 COMMISSIONER DeVITA: Do you need a
6 motion?

7 MR. AMODIO: Yes, there's a request.

8 COMMISSIONER DeVITA: So moved.

9 MR. BELLA: It's about \$800,000.

10 COMMISSIONER KOLODZIEJ: Is it in the
11 capital?

12 MR. BELLA: It's in the capital.

13 COMMISSIONER KOLODZIEJ: Second.

14

15 (Roll call was taken, all Commissioners
16 present respond in the affirmative. Commissioner
17 Levine is not in the room)

18

19 MR. AMODIO: Motion approved.

20 Thank you.

21 MR. BELLA: The next one is, normally,
22 we've been doing it since -- I think it was
23 actually Commissioner Rodriguez's idea that once a
24 year we provide you with a list of all of the
25 things we need to go out with to bid for next

1 year. It's more routine things like plows and
2 appurtenances and that kind of thing, chemicals.
3 So we're providing that for you now in advance and
4 there's no real non-routine type of things.

5 COMMISSIONER SANCHEZ: Let me ask you.

6 MR. BELLA: The things like this project
7 will come to you individually.

8 COMMISSIONER SANCHEZ: Is there an
9 inventory done to concur with that so we know what
10 we have and don't have?

11 MR. BELLA: Oh, yeah. We do inventory all
12 the time.

13 COMMISSIONER SANCHEZ: Is it possible to
14 get a copy of the inventory?

15 MR. BELLA: Yeah, sure.

16 MR. AMODIO: Yitz.

17 COMMISSIONER DeVITA: There's 89 projects
18 listed. There's nothing that could be done
19 inhouse?

20 MR. BELLA: Most of this is inhouse.

21 MR. DUPREY: The majority of these are
22 done inhouse.

23 COMMISSIONER DeVITA: The 89?

24 MR. DUPREY: Yeah.

25 MR. BELLA: That's all bid.

1 COMMISSIONER DeVITA: No, no, I mean the
2 work itself can't be done inhouse?

3 MR. BELLA: Like the emergency services
4 contract where we have large --

5 COMMISSIONER DeVITA: I looked through
6 them all, it doesn't seem like to me --

7 MR. BELLA: No, if there's anything, we
8 design.

9 COMMISSIONER DeVITA: It's not on this
10 list.

11 MR. BELLA: Many places will not do large
12 projects, like design inhouse.

13 COMMISSIONER RODRIGUEZ: They outsource
14 everything.

15 MR. BELLA: Our people do. They do a good
16 job.

17 PRESIDENT VANNOY: Commissioner Bazian.

18 COMMISSIONER BAZIAN: Just a request. I
19 was looking through this. It will be helpful in
20 addition to list, you can add for anticipated
21 costs.

22 MR. BELLA: Okay. That's a good idea
23 because sometimes what we're doing is we're
24 looking at the worst case scenario and, you know,
25 80 percent of the times we're somewhere in the

1 average. That's good.

2 COMMISSIONER BAZIAN: So we have a better
3 idea.

4 COMMISSIONER DeVITA: Joe, one of the
5 things is to go out for credit card.

6 COMMISSIONER RODRIGUEZ: We did that.

7 MR. BELLA: Yeah, but we have to renew
8 that every year.

9 COMMISSIONER BAZIAN: We did it for a two
10 year contract. I think it's due in '14, not '13.

11 MR. DUPREY: Yeah, some of these are.

12 COMMISSIONER BAZIAN: December, '13.

13 Okay. That makes sense.

14 MR. DUPREY: Let me clarify that. In this
15 list, there are some items we keep them on the
16 list and they may not come due until next year.
17 Sometimes they get bid because they're expended
18 dollars before time. So we keep them on the list
19 just so the Commissioners are aware that this
20 could be coming up in 2013. The ones that have
21 actual months listed are the approximate
22 anticipated advertising dates. The ones that just
23 have the numbers in parentheses next to them, we
24 don't anticipate that year but we might.

25 MR. AMODIO: Any further questions?

1 MR. BELLA: One other thing I just want to
2 let the Commissioners know that the progress of
3 redoing all the repairs from the storm and
4 everything is moving forward.

5 The progress with dealing with FEMA is
6 moving forward. We had a meeting with them.
7 That's all moving forward.

8 We're fixing the roof as we speak at the
9 pump station. Mike has done a great job in moving
10 that along.

11 PRESIDENT VANNOY: Good.

12 COMMISSIONER SANCHEZ: I'm sorry, Joe.

13 PRESIDENT VANNOY: Go ahead.

14 COMMISSIONER SANCHEZ: Nobody is thanking
15 us for the job we did and the State and providing
16 service. Nobody is saying thank you. And I know
17 you probably have done something, but just for the
18 record, have we, did you, as a management team,
19 did you learn anything from that experience as to
20 what to do way before the storm? It caught a lot
21 of people off guard in this part of the country,
22 we're not used to that.

23 MR. BELLA: Well, first off, I got to say,
24 the first and most important thing to learn from
25 these things is planning in advance. We spent a

1 lot of time. Our staff spent a lot of time that
2 week before making sure everything was moving in
3 place; everything was available.

4 Planning is the number one thing that we
5 can do that will save us the problems that we
6 have. And by and large, our staff is highly
7 professional and, you know, they do a lot of
8 planning and they're always planning because the
9 nature of our business is so big that you have to
10 plan way out in the future. That was the number
11 one issue.

12 The other issue that we learned was we
13 have to move fast. You have to anticipate the
14 problems and people were doing that regularly from
15 small things to large things. That was the number
16 one thing. That was the number two thing. You
17 have to move fast. Once you see a problem, in the
18 future, even though it's not a problem right now,
19 you have to move to solve it before it becomes a
20 problem.

21 So you know that's another one.

22 The other thing is, the one big problem we
23 have is, not we have, but we saw that could have
24 been a problem is availability of personnel.
25 Sometimes it's difficult in these circumstances.

1 I think, like I said, the next time we're going to
2 ask people to come in and we're going to give them
3 a place to stay, feed them, line that all up so
4 they're here and available to do the job. And
5 some places we were a little short on the help,
6 but, you know, most of the people pitched in and
7 did the right thing and really stayed with it.

8 So those three issues; personnel,
9 availability of personnel, planning, and
10 anticipated problems and this really was a
11 precedent. I got to say, people really responded.
12 They really did good and, you know, they did a
13 heroic effort to keep the water in the system and
14 part of that was because we had Jersey City in
15 line. If it wasn't for Jersey City, it would have
16 been more of a -- but that pushed the criticality
17 to the red line all the time.

18 COMMISSIONER SANCHEZ: Besides people with
19 no electricity, I mean, would have been --

20 MR. BELLA: Well, look what happened out
21 in Breezy Point. That's the thing, you know, no
22 water. That's a real. They're in bad conditions.

23 COMMISSIONER SANCHEZ: That would have
24 been, these people have heat without water, the
25 amount of people dead would have been.

1 MR. BELLA: And the other thing is,
2 remember the discussion the reason why I try not
3 to get so passionate about things, but some people
4 think --

5 COMMISSIONER KOLODZIEJ: There's nothing
6 wrong with passion, right, Rigo?

7 MR. BELLA: But the reason why I wanted to
8 express my gratitude about the discussion we had
9 before, because those are the things and that goes
10 to you people. I mean, you're doing forward
11 planning and thinking in a way that influences us
12 and that's what's important, because you have to.
13 If you don't have a Board that does that or you
14 don't have leadership --

15 COMMISSIONER SANCHEZ: Wait, wait, now
16 you're kissing behinds.

17 COMMISSIONER RODRIGUEZ: Hey, stop that.
18 That's not nice.

19 COMMISSIONER BAZIAN: Behave.

20 MR. BELLA: But, you know, really, you
21 know what, it really is a fact and that's the kind
22 of thing that makes us, you know, able to respond
23 to things like that. Because there are other
24 places that we helped out that didn't have that
25 leadership and we had to help them out.

1 COMMISSIONER SANCHEZ: Thank you, Joe.

2 MR. AMODIO: Okay. You have a motion
3 request for pre-approvals to advertise for next
4 year's contracts.

5 COMMISSIONER DeVITA: So moved.

6 MR. AMODIO: By Commissioner DeVita.

7 COMMISSIONER KOLODZIEJ: Second.

8 MR. AMODIO: By Commissioner Kolodziej.
9 On the roll.

10

11 (Roll call was taken, all Commissioners
12 respond in the affirmative)

13

14 MR. AMODIO: Thank you.

15 Motion approved.

16 That will be all Joe.

17 We can move on to the Controller's Report.

18 MR. WEISS: Cash on hand is 11.5 million.

19 Out accounts receivable is 11 million.

20 Our 30 days or less accounts receivable is
21 at 10.4, which is approximately 94 percent.

22 Our accounts payable is at 3.8 million.

23 As you heard from the finance committee
24 report, we finalized the numbers on the budget.

25 We reviewed the budget yesterday and you have in

1 front of you actually two Resolutions; one for the
2 approval of the budget and the other one for the
3 submission of the budget.

4 Did you want me to give you quick
5 highlights?

6 No?

7 Total revenues for the under-budget are
8 83, approximately, \$84 million.

9 Total appropriations, approximately, \$79
10 million.

11 Capital for next year is 21.6 million. Of
12 that, as Commissioner Bazian mentioned,
13 approximately 4.6 million we anticipate taking out
14 of cash and the rest we will be looking for
15 funding for.

16 MR. AMODIO: Motion.

17 COMMISSIONER KOLODZIEJ: So moved.

18 MR. AMODIO: By Commissioner Kolodziej.

19 COMMISSIONER RODRIGUEZ: Second.

20 MR. AMODIO: By Commissioner Rodriguez.

21 This is for the approval of the budget.

22

23 (Roll call was taken, all Commissioners
24 respond in the affirmative)

25

1 MR. WEISS: Two separate Resolutions; one
2 is for the approval of the budget and one is for
3 the submission.

4 MR. AMODIO: Next, this is the submission.
5 Do I have a motion?

6 COMMISSIONER KOLODZIEJ: So move.

7 MR. AMODIO: By Commissioner Kolodziej.
8 Do I have a second?

9 COMMISSIONER LEVINE: Second.

10 MR. AMODIO: On the roll.

11

12 (Roll call was taken, all Commissioners
13 respond in the affirmative)

14

15 MR. AMODIO: Any other questions for the
16 Controller? Hearing none, would you like to move
17 down to... We'll take a break and move down to
18 the Engineering conference room.

19

20 (Recess)

21

22 MR. LLOYD: Would you like me to start
23 where I was?

24 PRESIDENT VANNOY: Yeah, start where you
25 were. As long as we can see the stuff.

1 MR. LLOYD: Okay. Basically, we were kind
2 of giving you the background for the whole project
3 which I know you're familiar with.

4 But our observation from working with
5 other water utilities is, this is a pretty
6 innovative, entrepreneurial organization. You've
7 acquired. You've expanded your service areas.
8 You provide the services to other utilities. Your
9 management has recognized needs in the area of
10 social media, measuring operational performance
11 and one of the ways you're able to do that is you
12 have very experienced staff.

13 But there are some paper dependent
14 processes and I think the question was just asked,
15 well, where are those. And in the break I just
16 kind of looked through, you know, what we had in
17 the report about some of the areas where, you
18 know, the systems don't integrate tightly
19 together. So in customer service, work order
20 management, and inventory control, and in the
21 warehouse and work orders and construction
22 inspections, in the records management, and
23 performance, all those there's a fair amount,
24 there's a lot more manual activity going on than
25 there needs to be.

1 COMMISSIONER DeVITA: Sounds like a lot.

2 MR. LLOYD: Yeah, yeah.

3 And in thinking about these things where
4 you are an innovator, the ones I've highlighted in
5 blue are dependent on technology helping you out.

6 So why you change? Well, there's external
7 drivers. You hear about these at all the industry
8 conferences and there's drivers that are specific
9 to your operation here at Passaic Valley Water
10 Commission. So you want to streamline your
11 business processes. You want to apply technology
12 to run the utilities as efficiently as you can.

13 Management, and you all are asking for
14 management analyses and you want to be sure that
15 when you're investing in technology, that you're
16 getting the maximum return on that investment.
17 The other thing, on the external drivers that's
18 going to come back again and again is your
19 customers' expectations. Your customers'
20 expectations are set by their interactions with
21 every other organization with whom they have an
22 account. There are other utilities. There are
23 credit card companies. The bank. All those
24 organizations have been upping the bar in customer
25 service over the last decade or more. They all

1 take electronic payments and they do electronic
2 bill presentment. They all don't just answer the
3 phone; they text, they e-mail, they tweet, they
4 Facebook with their customers and so on. And this
5 customer expectation thing is very important
6 because water utilities, in general, you know,
7 aren't at the leading edge or the bleeding edge
8 and not saying you want to be, but you want to at
9 least meet the customer expectations.

10 COMMISSIONER RODRIGUEZ: Can I ask you a
11 question? Because we have to gather certain
12 information from the customer as well before we
13 can even go to this step, because if we don't have
14 e-mail addresses, we don't have cell phone, I
15 mean, how do we, you know? I mean, that's,
16 another, you know, gathering that data.

17 MR. LLOYD: Right.

18 And you have to have a place in your
19 system to keep it, too; a field for their e-mail
20 address.

21 COMMISSIONER SANCHEZ: Quick question.

22 Is there any other facility that has
23 implemented some of these ideas that you know of?

24 MR. LLOYD: Yeah, yeah. Customer service
25 business has changed a lot in the last ten years

1 and there are systems out there now that are
2 structured differently.

3 COMMISSIONER SANCHEZ: But my question is,
4 do you know of any specific ones that have done
5 this?

6 MR. LLOYD: Oh, yes. Yes.

7 COMMISSIONER SANCHEZ: Can you name one?

8 COMMISSIONER RODRIGUEZ: Chase Bank.

9 MR. LLOYD: Of course, American Water
10 Works, you know up here, they're doing their
11 system nationwide to accommodate these. I have
12 personally worked with Henrico County, Virginia,
13 about your size, about 90,000 customers. You
14 know, they're doing all this, connecting their,
15 doing all their systems, work order, customer,
16 document management, finance, all those systems.
17 So our company's worked with like a hundred water
18 utilities just doing these kind of projects and
19 close to a thousand total.

20 COMMISSIONER LEVINE: Did you analyze ours
21 yet or actually look to see what the problems we
22 have here or is this just a broad overview?

23 MR. LLOYD: No, this is getting into what
24 we found in yours.

25 COMMISSIONER LEVINE: So you're going to

1 go over what you found and what the problems were?

2 MR. LLOYD: Yeah, to whatever level of
3 detail you want.

4 Right now I got this at a fairly high
5 level, but it sounds like you have some questions.

6 COMMISSIONER LEVINE: This is broad this
7 level. You're saying we could do this, we could
8 -- what I'm looking for is more specifics; what
9 the problem is and how we're going to fix it. You
10 know, this is like a broad -- you can bring this
11 to United Water and say, do this, do this, do
12 that. That's what I'm looking for here.

13 PRESIDENT VANNOY: Stick around.

14 MR. LLOYD: So out of all that, the
15 industry drivers, your culture, what you're trying
16 to do here in serving these customers, how are we
17 going to use technology. That's what this slide
18 is about. You want to use it to improve customer
19 service. You want to be as cost efficient as
20 possible. You want to provide information for
21 management and for you all to make decisions.

22 If you've got information in the computer
23 somewhere in the organization, it seems logical
24 that if any employee anywhere in the organization
25 needs to use that piece of information, they ought

1 to be able to get to it; where they work and that
2 includes mobile and in the warehouse and so on,
3 where they work, when they need it, and in the
4 format they need it.

5 You want to apply technology to remotely
6 control your operations through your SCADA system
7 and so on. You want to be able to measure
8 performance and because everybody is looking at
9 the same set of information instead of their own
10 spreadsheets or redundant data, that will improve
11 teamwork, because everybody is looking to singing
12 off the same hymn, so to speak.

13 So let's talk about our assessment of the
14 business processes and your current technology.
15 What we looked at were best practices, which can
16 vary and in the report that we put together, the
17 Business Opportunities Report, we used a format
18 where we listed some industry best practices in
19 each of these more than 20 areas. We made notes
20 on what we had observed as far as --

21 COMMISSIONER RODRIGUEZ: What page?

22 COMMISSIONER DeVITA: Page 18.

23 MR. LLOYD: I'm looking at page 18 just as
24 an example.

25 We looked at your current performance and

1 then we made recommendations and we did that in
2 more than 20 areas. So the best practices can be
3 these sorts of things. As we assess current
4 performance, we're asking these questions, you
5 know. In each process, you may have a different
6 goal. The goal could be efficiency. It could be
7 simplification. It could be duration. A lot of
8 different definitions of improvement. So we tried
9 to ask all these questions as we went through the
10 steps in your business processes and from that,
11 you know, we came up with our improvement
12 recommendations. And that lead us into the
13 opportunities or the gaps.

14 Now, this probably would be a good time to
15 talk about, some of you had, you had specific
16 questions about the three areas in the business
17 processes; work order management, accounts, and
18 inventory control. You want to talk about those
19 now?

20 COMMISSIONER SANCHEZ: Yeah. I'd like to
21 find out exactly, I mean, what you're proposing in
22 the study. You had great solutions. You're
23 looking into the future. That's what we need
24 today. But my concern is what you found in terms
25 of those three categories that I gave you, what do

1 you think we were doing wrong or we're still doing
2 wrong?

3 MR. LLOYD: Okay. Well, I think, I don't
4 want to characterize it as doing things wrong
5 because, you know, you're --

6 COMMISSIONER RODRIGUEZ: What we're
7 lacking.

8 MR. LLOYD: You're not at the best
9 practices. The gap between where you are and the
10 best process for the industry.

11 COMMISSIONER BAZIAN: Can I make a
12 suggestion?

13 MR. LLOYD: Yes.

14 COMMISSIONER BAZIAN: Worry less about how
15 you phrase it and just get the information on the
16 table. Seriously. Seriously. Sometimes we get
17 so worried about how we say things, that we
18 obfuscate the message.

19 MR. LLOYD: Okay. Let's talk about the
20 customer service management, the account.
21 Customer service, that's your revenue source.
22 That's your billing. That's also your image with
23 your customers. That's who they talk to when they
24 call with the problem. So customer service is
25 critically important and their perceptions,

1 ultimately, are going to influence how they
2 respond to things like when you have to go out for
3 rate increases or other issues, like privatization
4 and so on come along.

5 COMMISSIONER SANCHEZ: Let's not talk
6 about that, please.

7 MR. LLOYD: Unresolved complaints, too.
8 If you don't resolve the issue, the first phone
9 call, the first call resolution is what it's
10 called. There's a tangible cost to it. If you
11 roll a truck, if the solution to every call is
12 we'll go reread your meter, there's a tangible
13 cost to you. You know, it's kicking the can down
14 the road.

15 So it's very important that the customer
16 service representatives, the employees who are
17 receiving these calls everyday have the
18 information, see the full picture, the full view
19 of that customer, the full history of that
20 customer, all of the times they may have called
21 before, how those problems were resolved and so
22 on. And that's some of how the more contemporary
23 systems do that, which that's not, you know, the
24 system you have now for that is late '80s, early
25 '90's design. You implemented in the late '90s

1 but it had been out on the market and still late
2 '80s architecture.

3 COMMISSIONER SANCHEZ: So are you
4 suggesting a client history being billed and --

5 MR. LLOYD: Yes. What they call contact
6 management. Every contact with that customer is
7 billed into that record. So when they call up, if
8 you have it tied with the phone system, so you see
9 by their incoming number who they are, the
10 customer service representative is already looking
11 at the screen when they start talking to the
12 customer then. The modern systems, too, have it
13 set up, well, the information that answers
14 85 percent of customers' questions is already
15 displayed on the screen, either down the side or
16 at the top. So they're really well thought out.

17 And there also, if you have fairly complex
18 transactions, they will lead, like, move in, move
19 out. People moving out or moving to another
20 address and people moving in and all the various
21 variables that come with that that leads the
22 customer service representative through asking all
23 the questions, getting everything filled in,
24 capturing the e-mail and cell numbers and all that
25 stuff, if that's what you're doing. Those systems

1 are out there.

2 So, you know, part of it's the older
3 system and the older system is not tightly
4 integrated. And so things like, I think you were
5 asking about, you know, the account question in
6 particular, you know, it's not a tight connection
7 between a service order coming in and getting that
8 on the account. Somebody has to see that that
9 came in, say, oh, I need to charge that account.
10 The newer systems, you know, that's a seamless
11 already. You create the service order, you know,
12 that's pending. The status is there. The status
13 is there. Oh, it's done. Boom, the system knows
14 to or has rules built into it, you know, what to
15 do with that. If there's a charge involved.

16 So it's, you know, you got smart people,
17 hard working people keeping the stuff hanging
18 together and that's to your credit. But, you
19 know, the system can be doing more and making sure
20 you're getting an absolutely consistent job for
21 your customers.

22 COMMISSIONER BAZIAN: If I may?

23 MR. LLOYD: Yes.

24 COMMISSIONER BAZIAN: So what I see is an
25 analysis of technological gaps and I get that.

1 MR. LLOYD: Right.

2 COMMISSIONER BAZIAN: Did you also review
3 beyond just the technological but also in terms of
4 personnel training, human practices, if you will?

5 MR. LLOYD: Yes.

6 COMMISSIONER BAZIAN: And do you have any
7 thoughts on that.

8 MR. LLOYD: I think the thoughts that we
9 have are, you know, in the report. Let me go to
10 that page and see what we had.

11 Clearly, in the customer service area, the
12 constraint there is a big constraint because of
13 the technology they're using.

14 COMMISSIONER BAZIAN: So are you
15 suggesting, because we've had certain times here
16 where, for example, an installation was done and
17 hadn't made it on to the customer's record; are
18 you suggesting that that's a technological issue
19 or are you suggesting it could be a technological
20 issue, it may not be a technological issue, but it
21 can be corrected with technology?

22 MR. LLOYD: It could be corrected with
23 technology, yeah.

24 Again, running a utility, these are very
25 long-lived assets. Your assets. 60, 70, 100

1 years, your customers might be customers for you
2 for 30 or 40 or longer years. So, you know, it's
3 important that the records, the data be there so
4 that if somebody comes by in 20 or 30 years later,
5 they'll know that, they'll know what's connected
6 to that pipe and so on; whether we're talking the
7 customer side or the asset side.

8 COMMISSIONER BAZIAN: And talk to me a
9 little bit about controls within the system that
10 can be placed. Now I'm trying to find a way to
11 delicately phrase it. To deal with personnel who
12 may not desire to do things properly.

13 MR. LLOYD: The more contemporary systems
14 are much stronger in terms of the privileges
15 people have. If they don't have privileges, we
16 put a screen. It doesn't even show up on their
17 menu that that screen exists, that they aren't
18 using or if you choose not to use a field, that
19 field doesn't show up in that screen. There's
20 various rules base things. Whether those are
21 exceptions for identifying meter readings that are
22 out of range or routing or exceptions of who has
23 signoff limits and stuff like that. All that can
24 now be built into the configurations when you
25 install the system, you put those rules in and as

1 your rules change, you change the rules in the
2 system to accommodate that. You can't do that
3 with the architecture you have now.

4 COMMISSIONER BAZIAN: And those rules that
5 you're talking about, they're developed by Westin?
6 By us? Cooperation? How does that work?

7 MR. LLOYD: Well, the vendor gives you the
8 ability to create those rules and then during your
9 installation, what's called configuration, you're
10 setting all these switches. You're saying what am
11 I going to see when I do a pull down for instance;
12 what are my different types of service orders;
13 which city is this to apply the right rates and
14 fees and so on. So all that is set up.

15 The vendor provides some of the
16 professional services for that, because no one
17 knows their software better than they do. So when
18 we go out to an RFP to select a standing customer
19 information system, their professional services
20 will be part of that RFP.

21 And then our recommendation is that the
22 program be managed by someone like us and that's
23 in our contract for the first implementation to
24 make sure the project management and the business
25 process improvement gets done to lineup and fully

1 exploit what that software will do. The software
2 vendor doesn't know the business process. They
3 know the software really well. So we come in to
4 bridge the gap. Because if you're not improving
5 your business processes when you put in
6 technology, you're leaving money on the table.

7 COMMISSIONER BAZIAN: One last question.

8 MR. LLOYD: Yes.

9 COMMISSIONER BAZIAN: Do the
10 implementation services include perhaps
11 improvement metrics, like, we can measure how much
12 we have improved at the end versus where we were
13 at the beginning? Do you have that data? Is that
14 something that you will be or somebody will be
15 able to provide us?

16 MR. LLOYD: You're not keeping that data
17 now to a large extent. So, you know, unless you
18 start keeping it now, between now and when you
19 start putting in a new system, you won't have the
20 before picture.

21 COMMISSIONER DeVITA: Nothing to compare
22 it to.

23 MR. LLOYD: Right. We can certainly try
24 to do some things like that and certainly,
25 recommend some performance metrics that you're

1 looking at at an ongoing basis once the new system
2 is in place.

3 COMMISSIONER SANCHEZ: What about
4 inventory? You know, that's something that's a
5 critical thing.

6 MR. LLOYD: Yes. Let's see. Inventory;
7 you have parts inventory here for the people who
8 maintain the distribution system, the underground
9 utilities. And that is tracked in the existing
10 the system.

11 They actually made a run at barcoding that
12 which was a kind of leading edge thing and it
13 didn't work and they did a pilot project on it and
14 didn't carry it forward. But I would have to
15 congratulate you on making an effort to do that.

16 COMMISSIONER RODRIGUEZ: It didn't work?

17 MR. LLOYD: It didn't go past the pilot,
18 yeah. There was some technology problems with it.

19 COMMISSIONER RODRIGUEZ: Oh, okay.

20 MR. LLOYD: The inventory out at the
21 plant, which is for maintaining the buildings and
22 equipment, mainly equipment out at the plant, is a
23 paper based system. And there's some inventory
24 there that's I don't think paper based, it's
25 warehouses. You know, it's in people's heads,

1 what's out there; if I need this, I need to go to
2 this building to get it. So our recommendation is
3 that all that inventory be right under control.

4 COMMISSIONER SANCHEZ: Is that part of
5 this technology package?

6 MR. LLOYD: Pardon me?

7 COMMISSIONER SANCHEZ: Is that part of
8 this technology package?

9 MR. LLOYD: Yes. It's actually part of
10 what we're recommending on the maintenance
11 management package, because most of that material
12 is used for maintenance management either for the
13 distribution system or --

14 COMMISSIONER DeVITA: It seems like
15 there's a lot of input to get there.

16 MR. LLOYD: There is. But barcoding is a
17 shortcut to that. That's probably the biggest
18 shortcut, get that, solve the problems, get it
19 working and it's very doable.

20 COMMISSIONER RODRIGUEZ: It makes a lot of
21 sense because when you send three or four guys out
22 for a job, it's not only the sweat equity, you
23 know, but also the materials that you're using.
24 It's time, labor, and materials to, you know, get
25 to the cost of every single project.

1 MR. LLOYD: Yeah. You want to know that
2 because of some those things you charge fees.

3 COMMISSIONER RODRIGUEZ: Exactly.
4 Technology helps. And some of those we do charge
5 fees. Exactly.

6 MR. LLOYD: We want to know when you
7 should raise those fees.

8 COMMISSIONER SANCHEZ: My last question.
9 We have some instances we have not billed. Not
10 because it could be human error, it could be some
11 property have accumulated large bills because we
12 did not bill. We didn't code it properly in the
13 system and like what we had in Passaic on Gregory
14 Ave., that instance.

15 COMMISSIONER DeVITA: Sometimes there were
16 no meters in the building or they weren't read
17 properly.

18 COMMISSIONER RODRIGUEZ: They weren't
19 read.

20 COMMISSIONER BAZIAN: Or there's a meter
21 and it hasn't been entered into our system. Or a
22 two-inch or four-inch line has been installed and
23 we don't have any record of it in our system which
24 indicates it left inventory, but we may not have a
25 record that it left inventory and things like

1 that. I think that's what Commissioner Sanchez is
2 referring to.

3 COMMISSIONER SANCHEZ: Thank you for
4 translating.

5 COMMISSIONER BAZIAN: My Spanish is
6 getting better.

7 MR. LLOYD: Usually, the meter inventory
8 is part of the customer information system. And
9 you know, a meter's life starts when it, you know,
10 arrives at the warehouse. You bought it from the
11 manufacturer and now the manufacturer will provide
12 on CD the serial numbers and so on. So you put
13 that CD in. You don't even have to type those
14 serial numbers in. So when you get a batch of say
15 a hundred meters or whatever, so that life starts.

16 And the system will track that, you know,
17 it's in the warehouse. And because it's a
18 serialized part, track it out. It's associated
19 with this premise. It got old. We rebuild it.
20 We moved it back to the warehouse and we moved it
21 to this premise and so on. So the whole history
22 of that meter is available in the contemporary
23 systems.

24 COMMISSIONER SANCHEZ: And last, another
25 question. Joe, are we going to be able to

1 incorporate block and lot if we go ahead? Are we
2 going to block and lot?

3 MR. BELLA: Every account.

4 COMMISSIONER SANCHEZ: That will be huge,
5 because the system might be able to find out --

6 MR. BELLA: That's right. Well, we'll
7 have to do that, but that will be done as part of
8 the GIS. But it will all be tied together,
9 instead of having separate systems.

10 MR. LLOYD: Right.

11 One of the things, even though your
12 current systems many of them are from the same
13 vendor, they are really operated like silos.
14 There isn't a lot --

15 COMMISSIONER RODRIGUEZ: There's no
16 integration is what you're saying, yeah.

17 MR. LLOYD: Yes. So like here with your
18 customer information system, it needs to be
19 integrated with and you need the more modern
20 technology than you have now to be able to
21 integrate it with the call. The system handles
22 calls coming in, what they call the call pops.
23 The number, the customer data, pops on the
24 customer service rep's screen as they pick up the
25 phone. So it integrates with customer call

1 service. So 24/7, weekends, so on, customers can
2 at least call, find out the balance, find out when
3 their bill is due, find out the address, you know,
4 those kinds of questions, which is a lot of the
5 calls that your people take.

6 COMMISSIONER DeVITA: Silly question. If
7 somebody takes lengths of pipe out, will that pipe
8 be barcoded? How do we know whose taking what out
9 of the inventory?

10 MR. LLOYD: Yes, right. That's the idea.
11 I mean, right now you check it out with paper --

12 COMMISSIONER DeVITA: So somebody takes
13 three lengths of copper pipe, we'll know because
14 it's barcoded?

15 MR. LLOYD: Yes.

16 COMMISSIONER DeVITA: And does somebody
17 have to input that into the system that they're
18 taking it out?

19 MR. BELLA: Scan.

20 MR. LLOYD: Yes. Well, the barcode is the
21 same thing. That's the input of that part number.

22 COMMISSIONER DeVITA: Okay. So how will
23 we know it goes out?

24 COMMISSIONER RODRIGUEZ: Inventory
25 control.

1 MR. LLOYD: Inventory control. You're
2 taking it out of the warehouse, you're either
3 putting it on a truck or putting it into the
4 ground associated with a work order.

5 COMMISSIONER DeVITA: That will keep track
6 of everything?

7 MR. LLOYD: And the best practice is you
8 manage that inventory aggressively. You manage
9 each truck's inventory. Each truck is a rolling
10 warehouse, a repair truck. You moved it from your
11 main warehouse to this truck that's a warehouse
12 and then when I take it off that truck and put
13 it --

14 COMMISSIONER RODRIGUEZ: Exactly. This
15 is, you know, a lot of it is inventory control
16 and --

17 COMMISSIONER DeVITA: A lot.

18 COMMISSIONER RODRIGUEZ: And that's the
19 point I was saying. When you do a work order and
20 you're going out to do a job, if, you know, you
21 get three linear feet or however it's coded, that
22 job says it's this, ten hours of manpower,
23 whatever materials, and then you can check it --

24 COMMISSIONER DeVITA: So that will all be
25 in the system?

1 COMMISSIONER RODRIGUEZ: -- Against the
2 inventory.

3 MR. LLOYD: Yes. The contemporary
4 maintenance systems are structured this way. You
5 get all these different kinds of transactions that
6 are part of your maintenance operation and
7 distribution and in the plant. You receive
8 customer request for service. Could be a water
9 quality complaint, could be water in the street,
10 could be a lot of different things.

11 You have also preventive and internally
12 generated work. You have to plan and schedule it.
13 You go out, the customer said this. What's really
14 out there. People recording the labor equipment
15 material and contractor usage, specs results, p.m.
16 and all this stuff, materials management, all
17 those are going into one database. You're using
18 your GIS as that asset registry for the
19 distribution system which is part of why GIS and
20 this integration are important to you. And so
21 you're continuing to build this record and this
22 history of each asset as you perform all these
23 transactions.

24 COMMISSIONER RODRIGUEZ: Let's say you
25 click in, that one little piece it will tell you

1 all the steps that have been taken on the project,
2 am I correct?

3 MR. LLOYD: That's correct. All the
4 tasks. If it takes multiple tasks, you got to
5 come back and cleanup or repave, fix the
6 landscaping or whatever.

7 COMMISSIONER DeVITA: Where does that
8 information go?

9 MR. LLOYD: Okay. This is what's called
10 the computerized maintenance management system.
11 So it's all tied. It's tied back to an asset. So
12 you have the history of, you know, every time
13 you've been out to that water main or worked on
14 that pump at a pump station or at the plant and
15 you're continuing to enter that, so you're in a
16 better position to make replacement rehab
17 decisions and allocate capital funds.

18 George.

19 MR. HANLEY: You may have answered this
20 and I didn't understand it. But every few years
21 we're required to update our physical inventory
22 and value it because insurance companies require
23 us to do that.

24 MR. LLOYD: Right.

25 MR. HANLEY: Would this system be made,

1 would it -- once we establish the base, would it
2 be ongoing updated automatically?

3 MR. LLOYD: Yeah. That's the perpetual
4 inventory part of this checking out/checking in,
5 and then you double check with an annual account,
6 which you're doing now and you'll continue to do
7 that as well as cycle counts and you count each
8 truck as well your main warehouse.

9 COMMISSIONER BAZIAN: A couple of quick
10 things.

11 One, would the system support standard
12 costing? In other words, if I'm able to set up
13 metrics that says I'm installing a meter that
14 should take a half hour, I'm just picking, and I
15 expect it to cost X materials, so I can manage
16 actual versus standard for management purposes,
17 cost accounting?

18 MR. LLOYD: Yes. Yes. You can do that.
19 Dallas Water did that. I don't know if they're
20 still doing it. Dallas Water Utilities.

21 COMMISSIONER BAZIAN: Two, GPS tracking
22 support?

23 MR. LLOYD: Yes. GPS is part of the
24 tracking vehicles. You're developing the GIS, the
25 maps and so on and there's pretty sophisticated

1 tracking available for that. And tied back to the
2 work orders and even to where they don't have to
3 put down how many hours they were there, the GPS
4 knows when they stopped at that site and knows
5 when they left.

6 COMMISSIONER BAZIAN: As I recall from
7 when we had this discussion in IT, you had also
8 mentioned that it would be possible using the
9 system like this if an emergency happens or if I
10 need to get a work order out to a crew, I can just
11 pump it out electronically without having to call
12 them, kind of like Fed Ex does.

13 MR. LLOYD: Perfect lead into my picture
14 of our guy using his mobile unit now.

15 I'm working with a utility up in Boston.
16 They have just done all this on iPads, which is
17 really cool. And they're doing SSO inspections
18 and some other things on iPads.

19 COMMISSIONER SANCHEZ: Let me ask you. I
20 know you answered this briefly, what about
21 tracking work orders from finish to end?

22 PRESIDENT VANNOY: From start to finish.

23 COMMISSIONER SANCHEZ: From start to
24 finish.

25 MR. LLOYD: Right.

1 COMMISSIONER SANCHEZ: When we get the
2 work order to the end, somebody works at our
3 property and there's water running and how does
4 the system track all that?

5 MR. LLOYD: Well, for each, when you set
6 this system up, you'll say for each kind of work
7 order, such as a main break versus a meter repair
8 or something like that, here are the steps or the
9 tasks within that work order. So maybe we have to
10 get a permit, a street cut permit and notify the
11 other utilities for the no dig or the one call.
12 And then we break pavement and then we put a clamp
13 on it and then we do this and raise it up and we
14 pave it and maybe temporary pave it and got to get
15 back and remove the barricades. All those steps.
16 You can build those steps into standard work
17 orders by activities. They're very sophisticated
18 systems and very tailored to how you guys do
19 business.

20 George.

21 MR. HANLEY: Just to follow that up.
22 Let's say you track all these things but one of
23 key things is at the end to make sure it again is
24 established as an account and it gets billed
25 properly and accurately, would the system tell you

1 we did all these things but you didn't do this so
2 you better do it?

3 MR. LLOYD: Certainly, for your billable
4 activities, which are mostly related to customer
5 service and metered activities, yeah, that's
6 usually handled in the customer service.

7 MR. HANLEY: I mean, will the system alert
8 someone that, hey, you did all this stuff, but
9 you --

10 PRESIDENT VANNOY: You forgot one thing.

11 COMMISSIONER DeVITA: Well, we didn't bill
12 it yet.

13 MR. LLOYD: You can set that up. I think
14 a lot of the rules base systems you can create a
15 rule.

16 MR. HANLEY: I think the Commission would
17 be interested in making sure that there's an end
18 with the service.

19 MR. LLOYD: Right, right.

20 COMMISSIONER DeVITA: It sounds like a lot
21 of retraining.

22 MR. LLOYD: Oh, yeah. Well...

23 MR. HANLEY: Make sure all those steps are
24 followed, you bill.

25 MR. LLOYD: You mentioned retraining but

1 it's redoing your business process so that you're
2 fully exploiting the capabilities these systems
3 have.

4 MR. HANLEY: So is the answer that the
5 management will get automatically notified if it
6 doesn't end up being billed?

7 MR. LLOYD: If you put that into your
8 system configuration.

9 MR. HANLEY: Am I misquoting the
10 Commission to say that that would be an important
11 issue?

12 COMMISSIONER BAZIAN: Actually, oh, no,
13 you're not misquoting.

14 COMMISSIONER RODRIGUEZ: And getting back
15 to your -- it's all about retraining the staff
16 that we have here and as our labor, as we start
17 changing and, you know, people are leaving and new
18 people are coming in, they have to bring a certain
19 skill set with them to fully understand this, at
20 least how to get on.

21 COMMISSIONER DeVITA: Can our people be
22 retrained or taught this on-site?

23 COMMISSIONER LEVINE: Who trains also?

24 COMMISSIONER RODRIGUEZ: The vendors
25 usually.

1 COMMISSIONER LEVINE: You guys do all
2 that?

3 COMMISSIONER DeVITA: Nobody has to fly
4 anywhere?

5 MR. LLOYD: No, right. Your people aren't
6 going somewhere else.

7 COMMISSIONER BAZIAN: I had hoped to get a
8 trip to Hawaii.

9 COMMISSIONER DeVITA: We had a lot of
10 people in Orlando, Florida.

11 MR. LLOYD: That's where your prior vendor
12 was based.

13 COMMISSIONER DeVITA: Right, to get
14 retrained.

15 MR. LLOYD: So these are a couple of the
16 areas that we recommend.

17 Internal processes, right now your human
18 resources area is all manual. You're not using an
19 automated human resource system. And then there's
20 a whole lot of paper stored and that's where we'll
21 be recommending electronic content management
22 system.

23 COMMISSIONER LEVINE: Physical pictures.

24 MR. LLOYD: Those are not your pictures.

25 COMMISSIONER LEVINE: That looks like

1 Jim's office.

2 MR. LLOYD: Also, you know, part of this
3 is to create performance management systems where
4 you have performance measures at every level of
5 the organization that, you know, cascade up to
6 your level from the various departments and so on
7 and can do things, not as separate reports but
8 picking data out of the systems, pulling data in
9 from the customer, maintenance system, and finance
10 system and so on to where you can see things
11 graphically. You can see them against goals and
12 targets and things like that or against tolerances
13 that you want to set if you choose to do that or
14 management at various levels.

15 You mentioned your management's thinking
16 ahead in terms of how do we apply social media.
17 You know, there's all these different media out
18 there, you know, next week they'll be more it
19 seems like.

20 COMMISSIONER RODRIGUEZ: Exactly.

21 MR. LLOYD: What's the next Facebook going
22 to be and how should we be using that. We got
23 these needs and what's the match here.

24 So part of what we did was to start making
25 that match and thinking with you about how we do

1 COMMISSIONER KOLODZIEJ: Correct, correct.

2 COMMISSIONER RODRIGUEZ: Absolutely.

3 MR. LLOYD: So there is an overall
4 architecture to how these applications hang
5 together.

6 You know, we talked about the customer
7 billing, customer service, customer information
8 system which for the people that are talking to
9 customers and also for the meter readings and so
10 on, all that comes in to this node. To the extent
11 that these people can also be looking at your
12 Geographic Information System and know what's
13 going on in the rest of the organization, they can
14 be your front line in diagnosing operational
15 issues, water quality issues, and so on. A
16 broader role, that's where customer service is
17 going in utilities. As we offload more to self
18 service, more calls to self service, we'll expect
19 them to handle the more complex calls and a
20 broader range of calls.

21 This is your computerized maintenance
22 management system. Again, wired out to the or
23 unwired out to the field so that the best
24 practices is you make the data entry closest to
25 the source. So that means the working foreman or,

1 you know, lead crew person, you know, actually,
2 using mobile to make the entries as well as to
3 receive the next call or to check if you're having
4 to turn off customers, to check one more time to
5 make sure they didn't come in and pay that morning
6 before you turn them off. There's interfaces
7 between these service orders, work orders. It all
8 ties back to the finance system for the bills,
9 payments, journal entries all that as well as your
10 maintenance system is your master repository of
11 the assets that are in the ground, the equipment
12 and --

13 COMMISSIONER LEVINE: Can I ask you a
14 question?

15 Did you analyze to make sure that our
16 facility is set up correct? Like, Customer
17 Service is next to Engineering or Engineering
18 is -- I'm just making this up. Personnel, Human
19 Resources might have to be next to Engineering.
20 Our layout is not messed as well as, like, our
21 table of organization, like, where the managers,
22 you know, where they are and make sure that the
23 table of organization is in the right place.
24 Like, we have the right person under the right
25 person and everybody is reporting to who you, you

1 know, they should be. Because if that's not
2 working then all these other things can't run
3 efficient, if you don't have the right table of
4 organization or the right layout.

5 MR. LLOYD: Yeah. We weren't explicitly
6 doing an organizational study. By focusing on the
7 business processes and how work gets done, we
8 think we have a pretty good overview and then what
9 happens is, when you, like, put new systems in and
10 customer service is a classic example, if I've
11 offloaded more calls to self service, you know,
12 how should I reorganize my customer service
13 function now. Maybe I don't need as many people.

14 COMMISSIONER RODRIGUEZ: That's a good
15 point.

16 COMMISSIONER LEVINE: But if our
17 administration, our table of organization isn't,
18 you know, organized correctly, then all this is,
19 you know, hampered by it. If you don't have the
20 right people reporting to the right people, you
21 know, I think that's a main part.

22 I always understood that was what you were
23 going to do also. Make sure it started our table
24 of organization and make sure the layout of the
25 facility and everything. I would think that would

1 be the basis for this whole thing and then you
2 can, you know, the Pinnacle top and then you would
3 do all this other stuff. If you don't have the
4 right table of organization, it's useless this
5 whole thing. If we have Joe Shmoe reporting to
6 somebody that's the wrong person, we're not even
7 getting it done right.

8 COMMISSIONER DeVITA: Isn't that up to the
9 administration here to do, to see who is working
10 where?

11 COMMISSIONER LEVINE: I thought they were
12 looking into it to make sure the table of
13 organization --

14 PRESIDENT VANNOY: Let Joe chime in.

15 MR. BELLA: We talked extensively and he
16 has the charts and how we're organized.

17 COMMISSIONER RODRIGUEZ: I think, Jeff,
18 you brought up a really good point. Because this
19 is basically about how the flow of things work and
20 I think in conjunction with the table of
21 organization to make sure.

22 And I think one of the things that
23 Commissioner Levine is saying is in terms of the
24 layout, if Customer Service's here and
25 Distribution's here or Engineering, whatever, I'm

1 not saying that that's up to you, but I think all
2 of that, you know, in terms of expediency helps.

3 But the piece that he brought up in terms
4 of how the table of organization flows and
5 direction and, you know, all that, I mean, I think
6 that's the next step. Because we did that inhouse
7 and the Commissioners here did a great job under
8 Joe, but maybe that's something eventually that
9 you would look at.

10 COMMISSIONER LEVINE: That needs to be
11 changed because you're implementing new computers.

12 MR. LLOYD: We looked at the organization
13 and that's part of it and didn't see anything
14 drastically out of line in terms of your numbers
15 of folks and how they're organized and how that
16 relates to the best practices as to other
17 utilities.

18 COMMISSIONER KOLODZIEJ: Along those
19 lines, one of the whole good points of this
20 process was having the employees self evaluate. I
21 think this whole exercise has been good for
22 everybody to not think in terms of me, me, me, but
23 in terms of an organization. And some of the end
24 results that they are using to build our
25 technology here is based on employees actually

1 realizing what they should be doing better and
2 cooperating better with and I thought that was a
3 very strong point of how you gathered the
4 information we needed.

5 MR. LLOYD: Thank you. And we did get
6 very, very good cooperation from the employees
7 throughout the organization --

8 COMMISSIONER KOLODZIEJ: Yes.

9 MR. LLOYD: -- In pulling this together.

10 PRESIDENT VANNOY: Joe, did you want to
11 say something?

12 MR. BELLA: No.

13 COMMISSIONER BAZIAN: Quick question back
14 on customer service.

15 Have you done any projects in the past
16 where you moved from the to other technology? Do
17 you have any experience that you could share with
18 us specifically, in the customer service, any
19 results in terms of any percentage increase and
20 calls that went to self service, decrease in calls
21 that came into the customer service? Do you have
22 any kind of data like that that you can share with
23 us?

24 MR. LLOYD: I don't have it off the top of
25 my head. I can look into that with my colleagues.

1 COMMISSIONER BAZIAN: That's fair. I
2 would be interested -- I mean, because if you have
3 done this before, then the performance or the
4 results that you've gotten before I think would be
5 of interest to me to know --

6 MR. LLOYD: Right, right. Yeah, we'll see
7 what we have. I know that we have some projects
8 that have, you know, maybe three or four years ago
9 like the City of Charlotte, North Carolina.

10 COMMISSIONER BAZIAN: Two other questions.
11 You had mentioned in terms of reporting, which I
12 find very interesting, does a system like this
13 have support for say members of this Commission,
14 I'm talking specifically of the Board, to be able
15 to access reports? Is that possible or is that
16 something that would necessarily have to be done
17 the way we're doing it now, by pushing paper?

18 MR. LLOYD: If you and management agree on
19 that, yeah, that's doable. These kind of things
20 or reporting of exceptions can be done that way.

21 In Detroit, Detroit Water and Sewer
22 Department, which has been under consent decree
23 for probably 20 years with the Rouge River and
24 everything, you know, the Federal judge has the
25 dashboard on his desk and now, you know, his

1 limit --

2 MR. HANLEY: We weren't thinking of going
3 that far.

4 MR. LLOYD: Now, his limit is a lot
5 higher. Before, if something's gets out of
6 tolerance to where it would go in that direction,
7 the department director and the mayor of Detroit
8 would get warning.

9 COMMISSIONER RODRIGUEZ: Which one? The
10 new one or the one that was --

11 MR. LLOYD: I don't know. It's on the
12 mayor's list.

13 COMMISSIONER BAZIAN: Do you have any way,
14 and this might be something you want to hold off
15 until later or get back to us, any way to measure,
16 perhaps, an ROI for us?

17 MR. LLOYD: A return on investment?

18 COMMISSIONER BAZIAN: Yes.

19 MR. LLOYD: We have lots of antidotal
20 examples. For instance, pay back on the
21 maintenance management managing that more
22 aggressively. Boston --

23 COMMISSIONER RODRIGUEZ: You'll do a cost
24 comparison once you get the program going because
25 to get an ROI, you have to have -- and we don't

1 have that on record right now. I think what
2 happens is you have to get the program going and
3 maybe from year to year to year that's how you --

4 MR. LLOYD: Right, right.

5 COMMISSIONER RODRIGUEZ: That's all going
6 to come once you start reducing costs because
7 you're going to start keeping tabs and record
8 keeping.

9 MR. LLOYD: It's like doing maintenance
10 for the first time. It's an up front investment
11 because you're fixing things when they broke but
12 you're also starting a better program but over
13 time you see that return on investment.

14 COMMISSIONER RODRIGUEZ: Yes. This is for
15 the future.

16 MR. LLOYD: I want to talk about, this is
17 a lit bit technical, Stacks versus Best of Breed.
18 It's a little shift in architectural approach that
19 we're talking with you.

20 There's a number of vendors out there in
21 the industry that you buy your finance system,
22 your customer information system, your human
23 resource system, all your other system. In fact,
24 everything an entire city government can use,
25 police and fire all that stuff, they have what we

1 call Stacks. And you can see some of the vendors.
2 These are ones and what you have now from an the
3 is one of these Stacks. HTEs competes with these
4 companies that are listed here.

5 So the idea of a Stack is you bought all
6 your applications from the same vendor. And I'm
7 not saying that was a bad decision from where you
8 were at the time in the late '90s and so on and
9 where the industry was.

10 So thinking about what you have today, the
11 was what the company was originally called. It's
12 bought by a company called Sungard. So it's now
13 called Sungard Naviline. That is a "Stack"
14 Approach.

15 This is kind of a summary where that is
16 for you today. As we've talked and documented our
17 business process analysis, it's not presently
18 meeting your needs for functionality,
19 particularly, when you add in your innovative
20 things, being the customer service operation for
21 other utilities and so on.

22 Basically, most of the Stack vendors are
23 eminent in one application area but not everything
24 they do. They can't do 40 totally different
25 things really, really well. HTE's eminence is

1 their financial system, pretty good financial
2 system although not the greatest match for your
3 needs. And everything else they do isn't as
4 strong, particularly, their work orders are very
5 weak.

6 When you're dealing with a Stack approach,
7 all your eggs are in one basket. You can be a
8 hostage to the vendor and in some ways you see
9 that. You have much the modules, some of which
10 you decided were not a fit, you never implemented.
11 They still charge you service and maintenance for
12 those and they won't get off that. You're kind of
13 a hostage to them on that.

14 As we've been talking, a lot of
15 constraints to optimizing your business processes
16 because of where the technology won't go to where
17 your business processes need to go.
18 Theoretically, if you buy everything from one
19 vendor, the vendor should integrate those packages
20 together. That's part of what they promote. In
21 your case, that hasn't really happened and if you
22 go to the other Stack Approach vendors out there,
23 you're going to have similar issues. We have
24 clients with all these other vendors as well and
25 they have similar issues.

1 What's the alternative to the Stack?

2 Well, the alternative is what's called "Best of
3 Breed." For each area of your company, finance,
4 HR, maintenance management, reporting, GIS, all
5 that, you say, what are my requirements? What's
6 the best fit for those requirements? Ultimately,
7 that means you'll buy them from probably different
8 vendors.

9 This was an example we did for a water
10 district, Citrus Heights Water District. This was
11 their requirements. They needed finance and HR.
12 All the yellow boxes are integration. They needed
13 to integrate to their customer billing system.
14 They needed a maintenance management system. They
15 needed integrations to there and they needed to
16 integrate their GIS. They needed an information
17 portal; a document management system reporting,
18 very similar to you.

19 What they were able to do, though, was
20 because there's vendors out there that are selling
21 to lots of water utilities, they said, okay, Great
22 Plains, which is now owned by Microsoft, was our
23 best match for finance and HR. Cogsdale was the
24 Best of Breed for them for customer information
25 system. And by the way, these two vendors had

1 already worked together so they had that
2 integration off the shelf so it didn't have to be
3 created from scratch. Okay.

4 They brought there GIS from ESRI, which is
5 who yours is from. That's pretty much a de facto
6 standard for that industry right now. And they
7 then selected a maintenance management system that
8 was very tightly integrated with the ESRI GIS. So
9 that integration piece was taken care of.

10 So they had their core applications. They
11 bought the Best of Breed, the one that best met
12 their functionality needs and their technology
13 needs and the integrations they needed were really
14 just these two, which we developed. These are
15 pretty thin integrations.

16 COMMISSIONER RODRIGUEZ: So you would
17 oversee this?

18 MR. LLOYD: Yes.

19 COMMISSIONER RODRIGUEZ: Oh, okay. That
20 was my next question. One of the things that
21 happens in entities and, you know, working with
22 public water, sewer utilities, one of the things
23 that we do when we are going to buy these kind of
24 services, products or services, we usually go to
25 State vendors. So I think that is something that

1 the finance committee is going to have to look at
2 because if, you know, if there's an alternative,
3 you get what you pay for. We had a vendor in here
4 who would underbid the State and of course bill us
5 a million hours to make up for it.

6 So I'm just -- but you would oversee the
7 whole integration process?

8 MR. LLOYD: Yes.

9 COMMISSIONER RODRIGUEZ: Okay.

10 MR. LLOYD: So by doing the Best of Breed
11 Approach, though, it means there will be separate
12 procurements for the different systems. And when
13 I get to the plan in a minute, we'll be saying,
14 okay, the first procurement will be the customer
15 information system and we'll be focusing solely on
16 that, on what your needs are for customer service
17 and looking for the Best of Breed to meet those
18 needs. Once that's done, we'll go to the next
19 priority and so on.

20 And as you said, then we'll be responsible
21 and we'll have a path for you as you select these,
22 whether it's through a competitive procurement
23 with an RFP with very detailed specifications or
24 we say, okay, we've looked at it, here's the best
25 one, oh, by the way, they're on State contract so

1 we can get it that way.

2 So our recommendation is this Best of
3 Breed Approach and not try to find one vendor who
4 can --

5 COMMISSIONER RODRIGUEZ: Right. Because
6 in the past, in fairness to the Administration and
7 person who oversaw this, that was not their
8 specialty. So it's what made sense. Because
9 every company, once they diversified, they have
10 the best of everything. Even though they're just,
11 you know, they're just good at this, once they
12 diversified they want to sell you everything.
13 That's the nature of capitalism. But in fairness
14 to the person that was here, we were lucky we're
15 even as far as we got, but now it's time to move
16 on.

17 MR. LLOYD: Right. From where you
18 were before was sort of --

19 COMMISSIONER RODRIGUEZ: He really didn't
20 know.

21 MR. HANLEY: Have you done this process of
22 procurement in New Jersey prior to this?

23 MR. LLOYD: No. We have talked with Linda
24 and Jim Duprey and are making sure that we're
25 following.

1 MR. HANLEY: You have to talk to me about
2 that because I'm pretty sure we can accomplish it
3 but we need to be careful how we do it.

4 MR. LLOYD: Right. Our methodology is
5 very closely in line, but we'll make sure you're
6 okay with it.

7 COMMISSIONER BAZIAN: Question.

8 MR. LLOYD: Yes.

9 COMMISSIONER BAZIAN: I'm sorry. You just
10 kind of blew past the Sharepoint Portal.

11 MR. LLOYD: Oh, yes.

12 COMMISSIONER BAZIAN: What do you see the
13 Sharepoint Portal as being used for? Is that for
14 our Internet or for the external information?

15 MR. LLOYD: I think it's Internet and
16 perhaps, a lot of people are using Sharepoint as
17 the foundation for the content management system,
18 too, which is what we're showing here.

19 COMMISSIONER BAZIAN: Out of curiosity, I
20 note for the record that we're sitting in a room
21 here filled with binders of paper. Is it your
22 vision that eventually this paper goes away into a
23 document management system?

24 MR. LLOYD: A lot of it should, yes.
25 Yeah. And I'm told, I haven't been down there

1 myself, but I'm told the basement of this building
2 is very full of boxes of paper.

3 COMMISSIONER DeVITA: Some wet.

4 COMMISSIONER BAZIAN: So the only thing is
5 that when the time comes that we're talking about
6 the hardware and servers, the amount of storage
7 you're talking about is going to be pretty huge
8 given how much paper we'd be scanning in.

9 MR. LLOYD: Oh, yeah, for documentation.

10 COMMISSIONER RODRIGUEZ: That's another
11 contract.

12 MR. LLOYD: In content management, you
13 have to build on a foundation of records
14 management. I know you have a, you know, the
15 records management rules are given to you by the
16 State and you have a records manager, but a lot of
17 it has to start out by taking an inventory of
18 records, developing a master retention schedule,
19 and then applying the technology to it. And we
20 don't want the technology leading it. The
21 technology has to support the records management.

22 So our recommendation is the Best of Breed
23 approach. We think that that's the way you're
24 going to get the technology that supports the way
25 you're doing business here and the directions

1 you're going and so on. It gives you more
2 options, more flexibility, more support for the
3 optimized business processes that we see are
4 possible here.

5 In going from Stack to Best of Breed, you
6 are, as an organization, taking on responsibility
7 for the integrations and that's part of what we
8 help you with and we find vendors. We even put in
9 the RFPs, hey, have you integrated this with this,
10 you know. And the net increase in IT, in support,
11 we estimate there's a net of one skilled IT
12 professional to do Best of Breed more than what
13 you're going to need anyhow to do this.

14 The vendors, you know, there's more
15 choices in the market. If you're going out to the
16 full marketplace for each application area, when
17 you're talking to a vendor he's just focused on
18 the customer service business or the finance,
19 debit/credits or maintenance management or
20 whatever. So they're more specialized and, again,
21 you're getting out of the situation of having all
22 your eggs in one basket.

23 The schedule and the cost we estimate is
24 going to be the same taking this approach versus
25 the Stack approach.

1 I've spent so much time on this because
2 it's a little departure from what you've done in
3 the past and maybe a little different from the
4 assumption you had when you went out to start this
5 whole process. So I think it's important that we
6 make sure everybody is on board with that.

7 Yes, sir?

8 COMMISSIONER DeVITA: If all of this is
9 implemented, will we need more employees to
10 implement the whole program and conduct it on a
11 daily basis?

12 MR. LLOYD: We're estimating just
13 implementing the program, the effort that it takes
14 to bring the new systems in, train the people, set
15 the configurations and all that, is probably, over
16 the duration, probably about three FTEs. You
17 know, whether that's employees or whether you
18 contract for those services.

19 COMMISSIONER DeVITA: What's the duration?

20 PRESIDENT VANNOY: Five years?

21 MR. LLOYD: Five years.

22 COMMISSIONER LEVINE: How many extra
23 employees?

24 MR. LLOYD: Three.

25 COMMISSIONER RODRIGUEZ: Full-time

1 employees, which would be someone who would
2 supervise, right? And that would have to bring
3 that skill set.

4 MR. LLOYD: Right, yes.

5 COMMISSIONER RODRIGUEZ: To look at this
6 and know how to integrate and work along with you,
7 of course.

8 MR. LLOYD: Right. And we've defined what
9 the skills. It's like one database administrator.
10 One programmer analyst.

11 COMMISSIONER DeVITA: Can you assist us in
12 evaluating the people?

13 MR. LLOYD: Yes. We would give you job
14 descriptions. We could help you --

15 COMMISSIONER RODRIGUEZ: That would be
16 very important.

17 COMMISSIONER DeVITA: And look at
18 applications and everything else?

19 MR. LLOYD: And help you decide if its
20 employees versus contracted service.

21 COMMISSIONER KOLODZIEJ: Having been
22 through this process and I fully love the Best of
23 Breed, this is a five-year process. So even
24 though we're needing more employees now, in the
25 long run as people retire and you're filling

1 vacancies and creating new job descriptions, in
2 the long run it will even out. You're not
3 necessarily always going to have -- the
4 productivity that you're going to get out of this
5 system, eventually, through retirement, will lead
6 to stabilization with the number of employees.

7 COMMISSIONER DeVITA: Makes sense.

8 COMMISSIONER KOLODZIEJ: And better
9 trained.

10 COMMISSIONER RODRIGUEZ: It's an up front
11 investment cost, too.

12 COMMISSIONER KOLODZIEJ: Exactly. You're
13 going to be looking for a different type of entry
14 level position.

15 COMMISSIONER BAZIAN: I'm just very
16 interested in the fact that you anticipate no
17 greater costs on the Best of Breed Approach, at
18 least up front cost, because logically, it would
19 seem to me, that we're going to have to do
20 additional work in terms of bridging various
21 systems which would involve additional costs. I'm
22 curious as to why you think it's going to be the
23 same. Because if we go with the Stack Approach,
24 don't get me wrong, I'm not sold on the Stack
25 Approach --

1 COMMISSIONER RODRIGUEZ: I don't think
2 it's a great approach, either.

3 COMMISSIONER BAZIAN: The Best of Breed
4 actually makes sense but the fact that you're
5 saying the cost would be the same, just as someone
6 in the "biz," I'm kind of wondering about that.

7 MR. LLOYD: We don't think there's a
8 material cost difference. I think -- well --

9 COMMISSIONER BAZIAN: Okay.

10 MR. LLOYD: That's just our professional
11 opinion.

12 COMMISSIONER RODRIGUEZ: Let me ask you
13 and I'm going to give you, what happens is, then
14 you're held hostage.

15 COMMISSIONER BAZIAN: I'm not disagreeing.

16 COMMISSIONER RODRIGUEZ: I'm not
17 disagreeing with you either.

18 COMMISSIONER DeVITA: Which happened to us
19 in the past.

20 COMMISSIONER RODRIGUEZ: We didn't have
21 the experience.

22 COMMISSIONER DeVITA: No, no, no. This
23 was years ago.

24 MR. LLOYD: Let me get to the schedule.
25 My shorthand here is, you know, we live

1 with a six-step process during the life cycle of
2 any system. First, you plan it. This is the
3 planning study, the IT strategic plan. Okay.
4 We're planning. You define. Then you design.
5 And in the world of off the shelf packages, that's
6 right in your specification; going out to your
7 RFP, selecting, and getting it under contract. So
8 those first three steps, and the first three steps
9 I've shown in yellow.

10 The heavy lifting is the construct and
11 deploy. That's when you got to, you're spending a
12 lot of people's time. They're doing
13 configuration. They're doing training. They're
14 doing new business processes. That's when it
15 takes light. Your time, that's when you spend the
16 most money and I've put those steps in Orange.

17 And then after you've deployed, then
18 support is the next five, ten, 20 years that you
19 have the system.

20 I show the colors because it's very
21 important that our schedule recognize the pace at
22 which your organization can absorb change and
23 absorb, you know, these new technologies. Because
24 as we put this together, we're very careful not to
25 have too much in the orange at the same time is

1 the bottom line here. So that influences us as
2 far as how we're spacing these out and it's based
3 on our knowledge on how long these implementations
4 usually take and so on.

5 So what we're showing is the highest
6 priority is the customer information system. If
7 we move as fast as we can, get an RFP to the
8 street in the next month or so, which is very
9 doable, we can have it under contract by May, June
10 time frame and we're estimating a 12-month
11 implementation. So you would have a new customer
12 billing system in the summer of 2014.

13 COMMISSIONER RODRIGUEZ: Will this take
14 away -- my question with this, because we do our
15 billing processes, we outsource it in terms of the
16 actual mailing.

17 MR. LLOYD: Oh, the bill print.

18 COMMISSIONER RODRIGUEZ: Yes.

19 MR. LLOYD: A lot of people do that.

20 COMMISSIONER RODRIGUEZ: Yeah. That
21 wouldn't take that away. We would just have a
22 work in place.

23 MR. LLOYD: Right, right. We'll put that
24 in an RFP that says you got to interface with
25 whoever the billing.

1 COMMISSIONER RODRIGUEZ: Okay. All right.

2 COMMISSIONER SANCHEZ: Who puts together
3 the specifications for the bid?

4 MR. LLOYD: That's in our contract.

5 So, now, independent of that, you already
6 got some GIS efforts going and we're recommending,
7 because that's a different group of people, you
8 can go ahead and, you know, be doing, there's a
9 large data conversion project to finish getting
10 all the data you need into the GIS. So that can
11 be going on in parallel.

12 There's also some up front staffing
13 governments, change management, infrastructure
14 things that can be going on that we want to have
15 done by the time we're going live with the
16 systems.

17 After we're live and customer information,
18 we see addressing finance and computerized
19 maintenance management and, again, because those
20 are for the most part different groups of people,
21 Yitz's organization for finance, Jim Gallagher's
22 for HR, and maintenance management, the plant and
23 distribution folks, we think those work okay to be
24 going in parallel with each other.

25 Some of the other things, like, you can't

1 do a mobile system until you have the office base
2 system working for it to connect.

3 COMMISSIONER RODRIGUEZ: Exactly.

4 MR. LLOYD: That's why mobile, even though
5 it has a high, high payback, you know, it's out
6 here in the beginning of year four because it's
7 got to connect back to the systems where we're
8 putting in ahead of it here.

9 Same with performance reporting. You
10 know, it's very important to you and to management
11 but you got to have the systems in place for it to
12 pull the data in from.

13 So this is the schedule, the five year
14 plan. And I think it does reflect both the
15 organization's ability to absorb the change in the
16 new technology as well as the recommended IT
17 professionals, their capacity for supporting that.

18 COMMISSIONER BAZIAN: When you're talking
19 about the organization's ability to absorb change,
20 are you also taking into account staffing
21 availability on our end to A, cleanup the data we
22 have and then B, support whatever processes need
23 to do, happen in order to get this implemented,
24 the data converted and things like that?

25 MR. LLOYD: Yes. That influences these

1 durations and the fact that, like I said, you
2 know, this is the customer information system
3 people, your customer service people, and for a
4 lesser extent finance, they're not going to be
5 dealing with the GIS which is out here in
6 engineering. So we're okay doing those in
7 parallel.

8 COMMISSIONER RODRIGUEZ: Simultaneously,
9 yeah.

10 COMMISSIONER BAZIAN: The reason why I
11 ask, Joe, you're on board with this schedule?

12 MR. BELLA: Yes.

13 COMMISSIONER BAZIAN: Okay. The reason
14 why I ask because we've had some times when we had
15 to do data cleanup and it's taken significantly
16 longer than we anticipated. One that can I think
17 of isn't even done yet and that's the only concern
18 I have with putting in a schedule. Can we
19 actually meet that schedule? Because I think the
20 Board, given how important this project is in
21 terms of delivering services to our customers and
22 managing ourselves internally, if we're going to
23 do this, we got to stay on schedule.

24 MR. BELLA: First off, you can't set a
25 schedule that's too slack because then it just

1 really goes out too far. This schedule represents
2 something in between, where if we don't have a lot
3 of time appropriated, but we're not being cut too
4 short either. I think it's just about right.

5 MR. LLOYD: Yeah, it's aggressive on the
6 data cleanup issue, you know, some of that, we're
7 telling, you know, we're telling you to start now.

8 COMMISSIONER KOLODZIEJ: Yup.

9 MR. LLOYD: Particularly, you know, the
10 customer area. If you've used the fields in your
11 old system in different ways for different
12 circumstances, you've seen fields, I know those
13 are the things you got to cleanup because we're
14 going to be mass migrating 300 data elements for
15 each customer to the new system. Every customer
16 is an auditor. Every customer gets a report from
17 that system every month.

18 COMMISSIONER RODRIGUEZ: I see that that's
19 why stacking is done in conjunction, am I
20 correct --

21 MR. LLOYD: At least nine months of this
22 we'll be testing that migration over and over and
23 over again until we get it perfect.

24 COMMISSIONER RODRIGUEZ: This is
25 prosperity.

1 MR. BELLA: This is a huge project.

2 MR. LLOYD: This is the bottom line. I'm
3 sure you all looked at this.

4 PRESIDENT VANNOY: Is this the last
5 segment?

6 MR. LLOYD: This is the last slide.

7 So this is all the same projects that were
8 on the schedule and same order. These are all
9 applications. This is what you see. This is what
10 people see on their desktops. This is the
11 information management, you know, how you run the
12 IT function. And this is the underlying
13 technology infrastructure. You don't necessarily
14 see these, but they have to be in place for you to
15 see all the applications.

16 COMMISSIONER RODRIGUEZ: That's a good
17 picture.

18 COMMISSIONER DeVITA: This is over?

19 MR. LLOYD: Over five years. In your
20 report, there's a spread of this over the five
21 years. It isn't exactly even. There's about a
22 million 260 per year if it was even. It's a
23 little higher than that and then --

24 COMMISSIONER DeVITA: Can you get us the
25 money to pay for this?

1 COMMISSIONER BAZIAN: I do have one
2 question.

3 MR. LLOYD: Yes, sir.

4 COMMISSIONER BAZIAN: The number that you
5 have up there doesn't match the number I have
6 here. You have a total of 6.3.

7 MR. LLOYD: Yes.

8 COMMISSIONER BAZIAN: And I have 5.675.

9 MR. LLOYD: Yeah. We did revise it after
10 our briefing and I think this is consistent with
11 what Jim was putting in the capital budget.

12 COMMISSIONER SANCHEZ: So 6.3?

13 MR. LLOYD: Over five years.

14 COMMISSIONER RODRIGUEZ: Well, there's
15 some that are not estimated yet if you look, am I
16 correct?

17 MR. LLOYD: That's correct. We have not
18 estimated a couple of things.

19 COMMISSIONER RODRIGUEZ: There's some line
20 items that are not estimated and that's where I
21 believe the difference comes in.

22 MR. LLOYD: Part of it we did some
23 rounding to make sure --

24 COMMISSIONER BAZIAN: So the items that
25 aren't estimated here are estimated there?

1 MR. LLOYD: Well, the two items that
2 weren't estimated were AMR, which AMR is bigger
3 than all this put together in terms of dollars
4 because it involves changing out meters and
5 technology.

6 COMMISSIONER RODRIGUEZ: That's a whole
7 new technology. We seen it at the shows.

8 MR. LLOYD: We decided it was apples and
9 oranges in the same basket. So we took it out of
10 here. And then the people cost, the internal
11 people cost we decided to get away from estimating
12 that. So this is out of pocket --

13 COMMISSIONER DeVITA: You mean the
14 additional employees?

15 MR. LLOYD: Yeah. So this is out of
16 pocket costs.

17 COMMISSIONER RODRIGUEZ: By the way, when
18 you do the whole AMR, you save -- right now we
19 outsource that and that's a ton of money and even
20 though you do the investment at the outset, the
21 ROI you were talking about and the long run is,
22 it's unbelievable.

23 MR. LLOYD: The other thing --

24 COMMISSIONER RODRIGUEZ: And up with the
25 speed, because everybody is doing that now.

1 MR. LLOYD: The other thing most people
2 didn't realize when they first started AMR is that
3 if you have a reliable, credible meter reading,
4 your calls into your customer service call center
5 go down by 50 percent is the industry. So, again,
6 if you think about, combine that with the self
7 service --

8 COMMISSIONER RODRIGUEZ: And the system
9 now, we've seen them at the water conferences,
10 every year they get better and better and better.
11 The accuracy rate is unbelievable.

12 MR. LLOYD: It's just examples of how
13 utilities feel like they change their whole
14 relationship with their customers by applying --

15 COMMISSIONER RODRIGUEZ: The accuracy.
16 PSE&G needs to do that.

17 COMMISSIONER BAZIAN: One question which I
18 forgot to ask earlier.

19 Security of wireless transmission of data;
20 what standards would you be using?

21 MR. LLOYD: Not my area of expertise, but
22 I know they encrypt and do things like that.

23 George.

24 MR. HANLEY: The AMR, which I understand
25 is a remote reading, which theoretically would

1 save a lot of money, would also be more accurate
2 in that system if some meter that was installed
3 and put in the system but then went off the system
4 somehow, would there be some kind of automatic
5 alert, 207 Main Street used to have a meter and
6 for some reason --

7 COMMISSIONER RODRIGUEZ: The vendor can
8 tell you that. He can't.

9 MR. BELLA: The new meters have what they
10 call anti-tampering. If they're turned or if they
11 changed orientation, they signal, they send a
12 signal wherever it is at.

13 COMMISSIONER BAZIAN: AMR is not
14 necessarily crucial to this process, but it is
15 something we're going to want to do, am I correct?

16 MR. LLOYD: Yes. We did put it on the
17 schedule because our recommendation is you get the
18 new customers information system in completely
19 before you start AMR. People spread AMR over
20 three years or longer that may not be -- well,
21 yeah, that's what we're showing. So it's better
22 to, it's a better practice to get the new customer
23 information system in, finished, stable, and then
24 start the actual field activity on AMR.

25 COMMISSIONER BAZIAN: How long does it

1 take an organization our size to actually swap
2 out? I mean, I think some of our newer meters are
3 AMR capable, aren't they?

4 MR. BELLA: We have about 5,000 -- about
5 2,500 of them in the system now. But to change
6 our whole system, we would go out to bid. Now,
7 you can say we're going to do that over five years
8 or you can say we're going to do it one year. You
9 can swap them out in one year. We wouldn't be
10 able to physically do it. We have to have
11 contractors do it for us. So it's a matter of, I
12 think Bill hit it on the head, is get the customer
13 service in place and running and then start doing
14 that so that the data, as we put the new meters
15 in, you know, the data is intact. We don't have
16 to worry about conversion.

17 And there's another efficiency, we don't
18 have any meters that are older than ten years old.
19 Our oldest meter in the system is probably about
20 maybe eight years. So it would be inefficient
21 right now to change that because they're still
22 running fine. Once you start to get over 10, 12,
23 15 years, that's when you want to start swapping.

24 COMMISSIONER BAZIAN: If we go to full
25 AMR, the whole contract for meter reading goes

1 away, right?

2 MR. BELLA: Yes.

3 COMMISSIONER BAZIAN: How much are we
4 spending on that a year?

5 MR. BELLA: About 800,000.

6 COMMISSIONER BAZIAN: So we're basically
7 investing up front to save 800,000 a year.

8 PRESIDENT VANNOY: All right. Anymore?

9 COMMISSIONER BAZIAN: Other than to say
10 thank you. Thank you very much for the
11 presentation.

12 COMMISSIONER RODRIGUEZ: Great job. I've
13 been wanting this for a long time. I'm so glad we
14 came in here. Gives you a different picture.

15

16 (Recess)

17

18 MR. AMODIO: Somebody entertain a motion?

19 COMMISSIONER KOLODZIEJ: I will.

20 COMMISSIONER SANCHEZ: Second.

21 MR. AMODIO: Commissioner Kolodziej offers
22 the Resolution for adoption:

23 WHEREAS, Section 8 of the Open Public
24 Meetings Act permits the exclusion of the public
25 from a meeting in certain circumstances; and

1 WHEREAS, the public body is of the opinion
2 that such circumstances presently exist;

3 NOW, THEREFORE, BE IT RESOLVED, by the
4 Commissioners of Passaic Valley Water Commission:

5 1. The public shall be excluded from
6 discussion in the hereinafter specified matters;
7 the general nature of the subject matters being:
8 Financial, Insurance, Personnel, Contracts,
9 Negotiations, Security, and Law; Summary Aging
10 Reports, North Arlington v. PVWC, Lodi v. PVWC,
11 Lyndhurst Lease Agreement, George Hanley has added
12 insurance and MEL/JIF. Under Personnel we have
13 Union Negotiations, appointment of Thomas Coates -
14 Water Treatment Plant Operator and nothing under
15 Administration, and any other matter as may be
16 discussed in camera.

17 2. It is anticipated at this time that
18 the above-stated matters will be ratified during
19 public meeting following or as soon thereafter as
20 the reason for discussion no longer exists.

21 3. This Resolution shall take effect
22 immediately.

23 Second by Commissioner Sanchez.

24 On the roll.
25

1 (Roll call was taken, all Commissioners
2 present respond in the affirmative. Commissioner
3 Bazian stepped out of the room)

4
5 ***

6
7 (Roll call was taken, all Commissioners
8 respond in the affirmative)

9
10 MR. AMODIO: You have a quorum.

11 The time is 12:36.

12 We have approval of the minutes, Passaic
13 Valley Water in camera and Regular Public Meeting
14 held November 20th, 2012.

15 Do I have a motion?

16 COMMISSIONER KOLODZIEJ: So moved.

17 MR. AMODIO: By Commissioner Kolodziej.

18 COMMISSIONER SANCHEZ: Second.

19 MR. AMODIO: Second by Commissioner
20 Sanchez.

21 On the roll.

22
23 (Roll call was taken, all Commissioners
24 respond in the affirmative)

25

1 MR. AMODIO: Thank you.

2 Next, does the Chair accept, receive, and
3 file Miscellaneous Purchasing Orders from the
4 Purchasing Agent, Linda Beckering, for the period
5 of November 12, 2012 to December 9, 2012?

6 Mr. President, accept, receive, and file?

7 PRESIDENT VANNOY: Yes.

8 MR. AMODIO: Thank you.

9 Requests for Action. First item we have
10 is Contract #12-B-31 "Furnish and Install
11 Insertion Valves" Recommendation to award a two
12 year contract to Montana Construction Corporation,
13 Incorporated of Lodi, New Jersey in the amount of
14 \$1,387,600.50.

15 Discussion?

16 Motion?

17 COMMISSIONER KOLODZIEJ: So moved.

18 MR. AMODIO: By Commissioner Kolodziej.

19 COMMISSIONER DeVITA: Second.

20 MR. AMODIO: By Commissioner DeVita.

21 On the roll.

22

23 (Roll call was taken, all Commissioners
24 respond in the affirmative. Commissioner Sanchez
25 abstains)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. AMODIO: Commissioner Sanchez
abstains.

Next, we have Contract #12-B-35 "Liquid
Ferric Sulfate" Recommendation to award a one year
contract to Kemira Water Solutions, Inc. of
Atlanta, Goergia in the amount of \$2,015,000.00.

Discussion?

Motion?

COMMISSIONER BAZIAN: Move it.

MR. AMODIO: By Commissioner Bazian.

COMMISSIONER KOLODZIEJ: Second.

MR. AMODIO: By Commissioner Kolodziej.

On the roll.

(Roll call was taken, all Commissioners
respond in the affirmative)

MR. AMODIO: Thank you very much.

COMMISSIONER DeVITA: Can we do nine, ten
and 12 together?

MR. AMODIO: Yes. I will recite them.

Contract #12-B-36 "Type K Annealed Copper
Tubing" Recommendations to award a one year
contract to Capitol Supply Construction Products,

1 Incorporated of Denville, New Jersey in the amount
2 of \$47,492.00.

3 Contract #12-B-37 "Water Service Boxes and
4 Roadway Boxes" Recommendations to award one year
5 contract to Capitol Supply Products, Incorporated
6 of Denville, New Jersey in the amount of
7 \$459,069.50.

8 Number 11 is Contract #12-B-39
9 "Flocculation Aid Dry Polymer" Recommendations to
10 Reject and Rebid.

11 Discussion?

12 COMMISSIONER DeVITA: What about 12?

13 MR. AMODIO: Contract #12-B-43 "Furnish
14 and Deliver Rental Uniforms" Recommendations to
15 award a three year contract to American Wear,
16 Incorporated of East Orange, New Jersey in the
17 amount of \$184,047.24.

18 Discussion?

19 Motion?

20 COMMISSIONER KOLODZIEJ: Move the group.

21 MR. AMODIO: Motion by Commissioner
22 Kolodziej.

23 COMMISSIONER SANCHEZ: Second.

24 MR. AMODIO: By Commissioner Sanchez.

25 MR. HANLEY: Excuse me, those contracts in

1 there that are two bids or less, I have commented
2 there ought to be something, I'm not objecting to
3 the adoption, but I think there should be
4 something on the record as to why it is we are not
5 rebidding when there are two bids.

6 I believe in discussing with Jim Duprey
7 that there are good reasons that I'm sure he'll
8 give those to you now and put them on the record.

9 MR. DUPREY: Yeah. They're actually in
10 your Resolutions. There's a memo and there's a
11 reference to the Resolution itself.

12 COMMISSIONER DeVITA: It's in there?

13 MR. DUPREY: It's in your agenda.
14 Anything that was two bids or less.

15 MR. HANLEY: Good. Okay.

16 MR. AMODIO: Any further discussion?
17 Back to the roll.

18
19 (Roll call was taken, all Commissioners
20 respond in the affirmative)

21
22 MR. AMODIO: Thank you.

23 Motion approved.

24 Move onto Resolutions.

25 First Resolution is Designating a Public

1 Agency Compliance Officer, which is Linda
2 Beckering.

3 Discussion?

4 Motion?

5 COMMISSIONER DeVITA: Moved.

6 MR. AMODIO: By Commissioner DeVita.

7 COMMISSIONER SANCHEZ: Second.

8 MR. AMODIO: By Commissioner Sanchez.

9 On the roll.

10

11 (Roll call was taken, all Commissioners
12 respond in the affirmative)

13

14 MR. AMODIO: For the record, Linda is our
15 current Compliance Officer.

16 COMMISSIONER BAZIAN: I was going to ask
17 that question but Commissioner Sanchez told me.

18 MR. AMODIO: Next Resolution, appointing
19 Joseph Scibona of Anthony S. Cupo Insurance Agency
20 as Passaic Valley Water Commission's Risk
21 Management Consultant with the New Jersey Utility
22 Authority JIF.

23 Discussion?

24 COMMISSIONER BAZIAN: Didn't we do this
25 last month?

1 MR. AMODIO: No.

2 COMMISSIONER BAZIAN: I thought we voted
3 on the contract?

4 MR. AMODIO: That's the contract for the
5 insurance agent. The JIF requires a Resolution
6 appointing them as our risk manager.

7 Motion?

8 COMMISSIONER BAZIAN: Move it.

9 MR. AMODIO: By Commissioner Bazian.
10 Second?

11 COMMISSIONER DeVITA: Second.

12 MR. AMODIO: By Commissioner DeVita.

13 On the roll.

14 Commissioner Bazian?

15 COMMISSIONER BAZIAN: Yes.

16 MR. AMODIO: Sanchez?

17 COMMISSIONER SANCHEZ: I'm going to have
18 to abstain on that, just in case.

19 COMMISSIONER LEVINE: Abstain.

20 COMMISSIONER RODRIGUEZ: Abstain.

21 COMMISSIONER KOLODZIEJ: Wait a minute,
22 there's three abstentions here and three of us
23 left?

24 MR. AMODIO: It will.

25 COMMISSIONER KOLODZIEJ: How do you know

1 it will? Because I remember my discussion last
2 time, if there was a majority here I will feel
3 differently. So I'm going to be voting no.
4 That's what I'm trying to say. I should've given
5 you guys a heads up.

6 COMMISSIONER BAZIAN: Motion fails.

7 COMMISSIONER SANCHEZ: My question is when
8 he was with Henry O. Baker I used to buy insurance
9 through Henry O. Baker.

10 PRESIDENT VANNOY: Well, he's not with
11 Henry O. Baker anymore, right?

12 COMMISSIONER BAZIAN: Are you still with
13 Henry O. Baker or are you with Joe Scibona?

14 COMMISSIONER SANCHEZ: I'm with Henry O.
15 Baker.

16 COMMISSIONER BAZIAN: So he's no longer
17 with Henry O. Baker.

18 COMMISSIONER SANCHEZ: Then I vote yes. I
19 vote yes.

20 MR. AMODIO: So Commissioner Sanchez's is
21 a yes.

22 COMMISSIONER SANCHEZ: I just wanted to
23 make sure.

24 MR. AMODIO: So the roll so far is
25 Commissioner Bazian, yes. Commissioner Sanchez,

1 yes. Commissioner Levine, abstain. Commissioner
2 Rodriguez, abstain. Commissioner Kolodziej, no.

3
4 (Roll call was taken, all Commissioners
5 respond in the affirmative. Commissioners Levine
6 and Rodriguez abstain and Commissioner Kolodziej
7 responds in the negative)

8
9 MR. AMODIO: Motion approved.

10 Next, we have a Resolution for Shared
11 Services Agreement with Brick Township MUA to
12 provide Laboratory Services for Metals Inorganic,
13 VOC, HA-MIB and Geosmin. A two year agreement in
14 the amount of \$192,066.

15 COMMISSIONER SANCHEZ: So moved.

16 MR. AMODIO: Moved by Commissioner
17 Sanchez.

18 COMMISSIONER LEVINE: Second.

19 MR. AMODIO: By Commissioner Levine.

20 On the roll.

21
22 (Roll call was taken, all Commissioners
23 present respond in the affirmative. Commissioner
24 Rodriguez is out of the room)

25

1 MR. AMODIO: Commissioner Rodriguez is out
2 of the room.

3 Thank you.

4 Motion approved.

5 Next, we have a Resolution approving
6 Passaic Valley Water Commission to participate in
7 Water Research Foundation Project 4451 "Utility
8 Risk Management Methodologies for Buried Assets
9 and Improved Triple Bottom Line Understanding of
10 Pipe Failure" with an in-kind service contribution
11 of \$25,000 and a monetary contribution of \$20,000.

12 Discussion?

13 COMMISSIONER SANCHEZ: A year.

14 COMMISSIONER BAZIAN: If I understand this
15 correctly, the benefit for this is that it will
16 enable us to better manage our underground assets?

17 MR. BELLA: Bring a whole new methodology
18 in the Commission on how to schedule what needs to
19 be replaced. The savings could be --

20 COMMISSIONER BAZIAN: This would affect
21 our plan?

22 MR. AMODIO: Just for clarification, this
23 is a one time contract.

24 MR. BELLA: One time, yes.

25 COMMISSIONER BAZIAN: Move it.

1 MR. AMODIO: It's 25,000 in-kind and
2 25,000 monitoring.

3 Motion by Commissioner Bazian.

4 Do I have a second?

5 COMMISSIONER SANCHEZ: Second.

6 MR. AMODIO: By Commissioner Sanchez.

7 On the roll.

8

9 (Roll call was taken, all Commissioners
10 respond in the affirmative)

11

12 MR. AMODIO: Thank you.

13 Motion approved.

14

15 Next, we have a Resolution Project No.
16 12-P-49 "Professional Services for Background
17 Checks" which is a re-solicit. Recommendation by
18 security committee is?

18

19 COMMISSIONER KOLODZIEJ: To go ahead and
20 go out to bid like we said we would.

20

21 MR. AMODIO: We did already. This was the
22 meeting.

22

23 COMMISSIONER KOLODZIEJ: Oh, I'm sorry.
24 As per recommendation. I'm not paying attention.

24

25 MR. AMODIO: I believe the recommendation
was Staff Investigations at \$295.

1 Do I have a motion?

2 COMMISSIONER SANCHEZ: So moved.

3 MR. AMODIO: By Commissioner Sanchez.

4 Do I have a second?

5 COMMISSIONER LEVINE: Second.

6 MR. AMODIO: Second by Commissioner

7 Levine.

8 On the roll.

9

10 (Roll call was taken, all Commissioners
11 respond in the affirmative)

12

13 COMMISSIONER DeVITA: Question. Staff,
14 how many bids were there?

15 PRESIDENT VANNOY: Three.

16 MR. AMODIO: There was five, but one of
17 them did not come back after the addendum so they
18 were knocked out so there was only four.

19 COMMISSIONER DeVITA: And the committee --

20 COMMISSIONER KOLODZIEJ: They were only
21 \$25 apart but, again, this is the entity that we
22 used before and we've been very satisfied with
23 their work.

24 COMMISSIONER DeVITA: Committee is happy
25 with that?

1 PRESIDENT VANNOY: Yes, me and my fellow
2 Commissioners.

3 MR. AMODIO: Okay. Next we have Summary
4 of Disbursements and Payrolls through
5 December 19th, 2012, in the amount \$6,485,806.63.

6 Commissioner Levine, did you find them in
7 order?

8 COMMISSIONER LEVINE: Yes, I found them in
9 order.

10 MR. AMODIO: Would you make a motion?

11 COMMISSIONER LEVINE: I make a motion.

12 MR. AMODIO: Motion by Commissioner
13 Levine.

14 Second?

15 COMMISSIONER KOLODZIEJ: Second.

16 MR. AMODIO: By Commissioner Kolodziej.

17

18 (Roll call was taken, all Commissioners
19 respond in the affirmative)

20

21 COMMISSIONER BAZIAN: Yes. Abstain on
22 Dell.

23 COMMISSIONER SANCHEZ: Abstain on Montana.
24 Yes to the rest.

25 COMMISSIONER RODRIGUEZ: Abstain on

1 Paterson Parking Authority.

2 COMMISSIONER DeVITA: Abstain on Rachles
3 Michele.

4 PRESIDENT VANNOY: Abstain on American
5 Hose.

6 MR. AMODIO: Next, we have recommendations
7 from closed session.

8 Promotion of Thomas Coates - Water
9 Treatment Plant Operator with no change in salary.

10 COMMISSIONER KOLODZIEJ: So moved.

11 MR. AMODIO: Motion by Commissioner
12 Kolodziej.

13 Second by?

14 COMMISSIONER SANCHEZ: Second.

15 MR. AMODIO: Commissioner Sanchez.

16 COMMISSIONER BAZIAN: If I may? Just a
17 clarification. This is just to make it permanent?

18 MR. AMODIO: Permanent, correct. Yes.

19

20 (Roll call was taken, all Commissioners
21 respond in the affirmative)

22

23 MR. AMODIO: There is one other thing that
24 we do have to do today, Commissioners. We do not
25 have a meeting scheduled yet for January. Mr.

1 Weiss has a recommendation because of the budget
2 he would like to do the fourth Wednesday of the
3 month which would make it the 23rd, January 23rd,
4 I believe. We need a certain amount of time
5 between the submission of the budget and the
6 approval. We need 30 days in order to adopt that.
7 Is that okay with everyone?

8 COMMISSIONER LEVINE: At noon.

9 MR. AMODIO: It would be January 23rd at
10 noon our next meeting, which would also be our
11 reorganization meeting. So the consensus is
12 January 23rd at noon.

13 Motion to adjourn.

14 COMMISSIONER DeVITA: So moved.

15 MR. AMODIO: The time is 12:49.

16

17 (Proceedings concluded)

18

19

20

21

22

23

24

25