



**Passaic Valley
Water Commission**

2022: A Year In Review

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Introduction

On February 7, 2022, I officially started as Executive Director of PVWC and have been honored to lead the largest public water system in the State of New Jersey serving approximately 800,000 customers. This system is owned by the cities of Paterson, Passaic and Clifton with a seven (7) member Board of Commissioners appointed by the Mayors of the owner cities as follows:

Owner City	Mayor	Commissioners
Paterson	Andre Sayegh	Ruby Cotton
		Carmen DePadua
		Jeff Levine
Passaic	Hector Lora	Rigoberto “Rigo” Sanchez
		Ronald Van Rensalier
Clifton	James Anzaldi (2022)	Gerald Friend
	Raymond Grabowski (2023)	Joseph Kolodziej

The annual average system flow of 77 million gallons per day (MGD) comes from two (2) major sources of water: 1) Treated water from the Wanaque Reservoir operated by the North Jersey District Water Supply Commission (NJDWSC); and 2) untreated water from the Passaic River subsequently treated at the PVWC Alan C. Levine Little Falls Water Treatment Plant in Totowa, NJ.

Treated water is pumped to 22 wholesale customers as well as to three (3) uncovered, finished water reservoirs and then distributed to retail customers through 650 miles of transmission and water mains. PVWC also operates the Post Brook groundwater supply and distribution system in West Milford. As of January 2023, PVWC is staffed by 213 full-time employees with almost two thirds (2/3) serving in operational/maintenance roles and the balance serving in professional or administrative titles. The water PVWC provides is high quality and compliant with State regulations.

The challenges facing PVWC are similar to other national large scale water systems including:

- An aging workforce facing retirement leaving succession planning gaps in skills and experience;
- Aging infrastructure at an accelerated volume due to large numbers of assets reaching the end-of-useful-life at the same time across the treatment and distribution systems;
- Compliance challenges as regulations evolve requiring more stringent levels of treatment and reporting;
- Diverse security threats including physical and cyber security;
- Climate change and the need for robust emergency response planning, organizational adaptiveness, and infrastructure resilience;
- Volatile market conditions negatively impacting prices of materials, equipment, labor and commodities (e.g. fuel, chemicals) as well as delivery lead times;
- Utility coordination with retail cities and other public utilities like PSE&G for street work, paving and other construction activities that impact the water distribution system;
- Evolving expectations regarding communications, responsiveness and reporting to regulatory agencies, elected officials and community residents requiring a multi-pronged approach and focused resources;



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- Economic considerations for revenue, delinquencies, operating costs, capital investment priorities and forecasted water rates to balance affordability while addressing the challenges listed above.

Over the last year I have worked with the Board of Commissioners, my senior leadership team, and staff throughout the organization to begin to address the challenges facing PVWC. This collaborative process has resulted in immediate actions in 2022 to address critical issues as well as to identify short-term and long-term actions as part of a 5-year strategic plan - the first of its kind for PVWC in generations!

As part of this strategic planning process the mission, vision and core values for the organization were revisited and recast through the lens of current and future challenges including the toolbox of industry solutions available. I am proud to present these key guiding principles below that will serve to influence decision-making as we develop plans to execute organizational, operational and infrastructure improvements for the benefit of the communities we serve for generations to come.

Mission:

Safely and efficiently, maintain and distribute a secure and sustainable supply of high-quality drinking water as public stewards of health and safety, community well-being and economic growth for existing and future generations.

Vision:

Be an industry leader in developing and applying best practices in all facets of customer service, communications, operations, and administration through a culture of continuous improvement, transparency and transformative organizational investments in people, infrastructure, and systems.

Core Values:

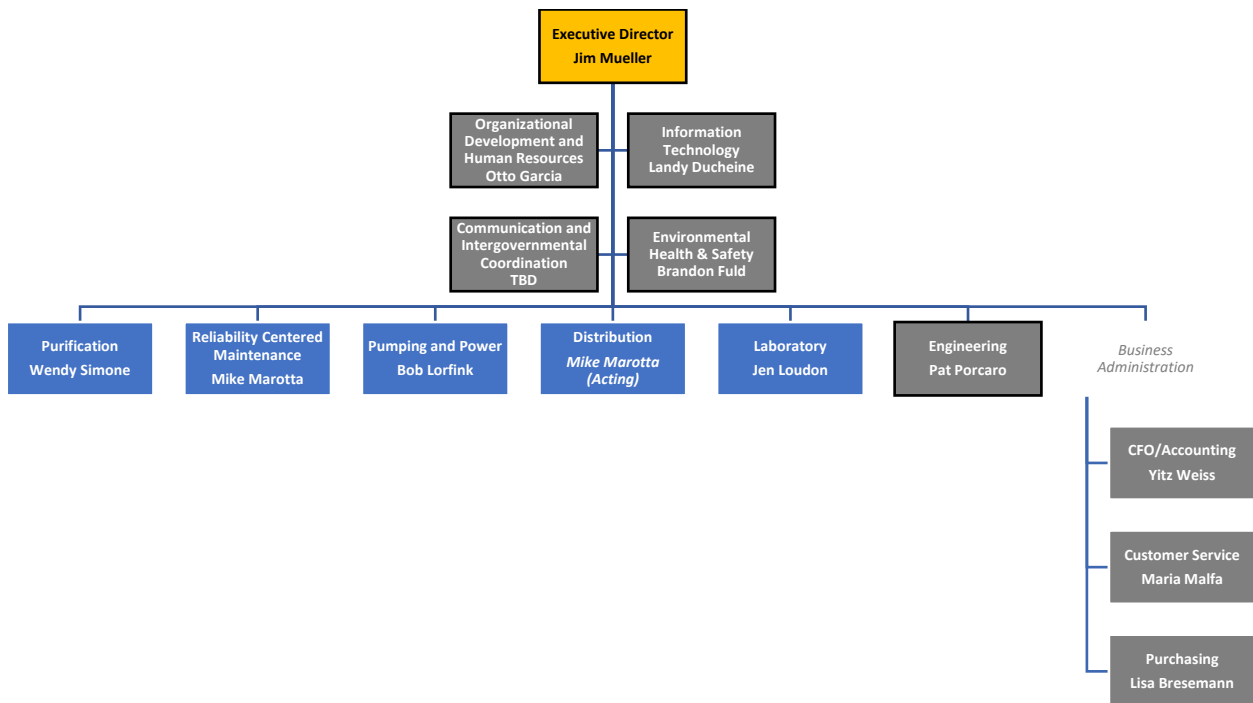
<u>Safety:</u>	<i>We operate in a healthy, safe and environmentally responsible manner.</i>
<u>Excellence:</u>	<i>We strive to be the best in everything we do.</i>
<u>Teamwork:</u>	<i>We collaborate, support and trust each other for mutual betterment and optimal effectiveness.</i>
<u>Respect:</u>	<i>We accept each other's differences and perspectives and recognize how they can make us better.</i>
<u>Commitment:</u>	<i>We dedicate our time and energy to overcome challenges to get the job done.</i>
<u>Integrity:</u>	<i>We stay true to our responsibilities and pledge to do what is best to advance our mission.</i>
<u>Accountability:</u>	<i>We are relied upon and held responsible to perform our work safely, effectively, and efficiently.</i>
<u>Intelligence:</u>	<i>We seek to acquire knowledge and skills to improve overall work performance.</i>
<u>Diversity:</u>	<i>We are proud of our various backgrounds and experience; through equity and inclusion we accelerate creativity and innovation.</i>

A summary of 2022 accomplishments is provided herein which serves as a point of departure to the new trajectory established in the 5-year strategic plan. The details of the 5-year plan are included in a separate document that serves as a companion presentation to this year-in-review summary.

2022 Summary

In 2022 there were numerous retirements and separations from PVWC many impacting high level positions including Distribution, Laboratory, Health and Safety, and Purchasing. While the staff who departed the company were valuable members of the organization, their departure served as an opportunity for new staff be brought in (Jen Loudon, Laboratory) and existing staff to be promoted to new roles (Lisa Bresemann, Purchasing). In addition, some departments were restructured (Distribution, Engineering, Personnel and Maintenance) resulting in the creation of new departments (Organizational Development and Human Resources (ODHR); Information Technology (IT); Environmental Health and Safety (EH&S); Communications and Intergovernmental Organization (CIC); and Customer Service (CS), formerly part of Distribution). These new departments provided more opportunities for new staff to be onboarded (Otto Garcia, ODHR; Landy Ducheine, IT; Brandon Fuld, EH&S) and existing staff to be promoted to new roles (Maria Malfa, Customer Service; Mike Marotta, Reliability Centered Maintenance (RCM) and Acting Dept Head in Distribution). The restructuring, promotion, and hiring processes described above took most of 2022 to complete with the current high-level organization chart presented below.

Department Head Organization



In 2022, the immediate gain to the organization from the restructuring included the following:

- ODHR - comprehensive analyses of current staffing, equity and skills resulting in recommended personnel actions subsequently approved by the Board; union contract negotiations support leading to contract settlement; in-depth evaluations of medical insurance options and liability insurance issues; additional career opportunities for administrative staff; regular labor



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management meetings; and team building events for staff throughout the year (e.g. food trucks, holiday party)

- IT – comprehensive security assessment for all systems and identification of phase-1 investments to address critical IT issues; streamlining of devices/licenses and unused communications lines saving thousands of dollars monthly; development of existing inventory of all legacy SCADA systems and high priority replacement of end-of-life technologies while developing a longer-term phase-out/replacement program;
- EH&S – supporting the PVWC project team on permitting issues with NJDEP for the emergency generator project; aggregating various incidents and costs to identify lessons learned and need for staff training; regular meetings with the union to review safety issues; initiating development of safety protocols and SOPs for critical functions;
- RCM and Distribution – identifying significant equipment gaps in fleet capabilities and distribution equipment resulting in Board approval for 20-25 year old stock to be phased-out and modernized; initiating updated inventory organization and procedures and increasing staff accountability and productivity; development of SOPs for flushing;
- CIC – spearheading revitalized communications efforts through a model of maximizing existing PVWC staff and augmenting efforts with experienced consultants to mentor, guide and support internal staff; increased number of press releases; formal press events and interviews with radio and television; quarterly meetings with owner cities and retail areas; positive articles and proactive news coverage on PVWC efforts on the lead service line replacement program, Clifton discolored water issues in late August-early September, progress on the reservoir storage tank program, and delinquent account shutoffs including customer opportunities for payment plans and State subsidies (e.g. LIHWAP).

In addition to the specific benefits above, the Engineering department has narrowed its focus now that IT is broken out under separate leadership, and Purchasing is starting to transition to take leadership over various procurement functions. Further, Customer Service is getting more support as a stand-alone department. This includes hiring an assistant supervisor to provide added support throughout the longer work hours that department operates under and hiring much needed bilingual staff to reduce customer wait times for Spanish-speaking customers. Finally, in the last year PVWC has more women in Department Head titles (Purification, Laboratory, Customer Service and Purchasing) than ever before and also hired the first minority candidates as Department Heads (ODHR and IT). All candidates were selected because they were the most qualified candidates.

The deeper, long-lasting value to the organization from the restructuring is evident in the 5-year strategic plan that was recently drafted for PVWC. With competent leadership and experience in place and each department focused on its value-added function, thoughtful input was provided by each Department Head to build the elements of a practical strategic plan. The common themes across all departments include the need to standardize business processes, streamline systems, create information dashboards to facilitate data-driven decision-making, and develop performance metrics to measure both individual performance and department progress. These common themes are combined with specific actions related to each department's unique function to make up the details of the 5-year strategic plan starting in 2023. The successful execution of this plan relies on the foundational restructuring initiated in 2022.



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Beyond the tangible accomplishments already referenced above there were many other efforts worth highlighting for 2022 including:

- Initiation of work for lead service line replacements for a total program cost of \$36M – initially the State subsidized 50% of the program (\$18M) with principal forgiveness through the I-Bank. This subsidy was expanded to over \$27M in September of this year because money was unused at the State level and PVWC had shovels in the ground to apply the funding;
- Accomplishing multiple plant shutdowns to allow electrical work to occur to facilitate progress on the emergency generator project as we advance toward equipment commissioning and acceptance;
- Commencing work on the industrial loop distribution improvements as a precursor phase for the Levine storage tanks;
- Progressing design of the Levine storage tanks by advancing the permitting process on the Local, County and State level in anticipation of bidding tank construction in Spring 2023;
- Award of professional engineering service contracts to assess the distribution system and assist PVWC in developing a prioritized replacement plan including construction methodologies, material selection, proper sizing and coordination with forecasted work from other utilities and the cities;
- Introducing new quality assurance/quality control procedures for data collection related to the lead and copper program due to the alert sent out system-wide in April 2022 due to non-compliance reported for the prior time period July – December 2021.
- Successful emergency response to multiple issues including:
 - 51” transmission main break on May 20th requiring a 4-day repair;
 - Illegal trespassing on May 21st resulting in accidental drowning;
 - Unplanned plant shutdown due to tornado on May 22nd resulting in power outage;
 - Clifton discolored water event as a result of utility work and vast paving efforts in a targeted area with unauthorized hydrant usage from late August – early September;
 - NJDWSC transmission main break from early – mid October where PVWC supplied additional wholesale customers in desperate time of need

These emergency events over the last year are now being used as a basis for modeling scenarios to re-evaluate storage requirements for the reservoirs both during storage tank construction as well as the eventual post-construction state. Also, PVWC has instituted an incident command structure for all planned and unplanned outages and emergency response efforts to ensure work is well coordinated and executed properly as well as effectively communicated internally and externally.

In conclusion, there have been many organizational challenges that have been overcome throughout 2022. These accomplishments resulted from the talent and ability of PVWC staff and tremendous support from the Board of Commissioners and the owner cities. Building off the progress made in 2022 and the new 5-year strategic plan to focus efforts going forward, 2023 will be another year to keep improving and adding value to PVWC. I am confident that we will continue the great work of the company and meet our goals to the benefit of our customers and the communities we serve.