State of New Jersey
OFFICE OF THE GOVERNOR
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CHRIS CHRISTIE
Governor

JEFFREY S. CHIESA
Chief Counsel

February 25, 2011

Michael Restaino, Executive Director
North Jersey District Water Supply Commission
1 Orechio Drive
Wanaque, New Jersey 07465

Dear Mr. Restaino:

This Administration once again finds it necessary to write regarding multiple issues that are of great concern to our office that must be addressed immediately.

Hiring, Promotion, and Salary Policies

As you know, this Administration has repeatedly informed you that any discretionary salary increases are inappropriate in these difficult economic times. This Administration's enforcement of hiring, promotion, and salary increase freezes reflects the policy of shared sacrifice that all government agencies must embrace. Nevertheless, the Commission appears to be operating under its own hiring, promotion, and salary policies, as reflected in the increase in the salary line item included in the Commission's 2011 budget and in the implementation of certain salary increases, referred to as "pay disparity adjustments," both of which were approved at the Commission's December 15, 2010 meeting. We have expressed significant concerns about the Commission's approval of the above-referenced increases, as well as the Commission's hiring and promotion of other employees without justification.

Regarding the increase in the salary line item, we reiterate our request that the increased funding not be used for salary increases, other than those that are required by existing contracts. We further request that your office continue to keep us informed of the Commission's union contract negotiations. This request has previously been made by David Reiner of the Authorities Unit on multiple occasions, most recently in an e-mail sent on February 1, 2011. Although it is our understanding that the current union contract expired on December 31, 2010, the latest information we have received from your office is that no negotiations regarding a new contract have taken place to date. We intend to play an active role in the negotiation process to ensure that this Administration's policies are reflected in the new contract.

Regarding "pay disparity adjustments," although it is your position that these adjustments were necessary, our office was not informed of any of the details in advance of the meeting. In addition, we were not provided details in advance regarding job title adjustments, which were approved along with pay disparity adjustments. Moreover, despite these adjustments, in the Commission's response to Deborah Gramiccioni's Request for Information, it was stated that "[t]here are no awarded or proposed performance or non-performance based raises proposed or scheduled at this time for non-represented employees. Since January 1, 2010 non-represented employees received no raises of any kind." Please explain this discrepancy.

In light of ongoing hiring, promoting, and granting of salary increases at the Commission, I request that you provide to the Authorities Unit a complete current list of your staff members (both represented and unrepresented), their titles, and their current salaries (taking into account the pay disparity adjustments that were granted at the Commission's December 2010 meeting). In addition, please provide a list of all pay disparity adjustments, other raises, promotions, internal transfers, and outside hires that have taken place at the Commission since December 2009.

Wanaque South Joint Venture Project and Dundee Water Power & Land Company

Through inquiries conducted by David Reiner of the Authorities Unit, it is our understanding that the Commission is part of a Joint Venture with United Water that involves the Wanaque South Project. In addition, it is our understanding that the Commission owns, along with United Water, the Dundee Water Power & Land Company, which is a private company. Please provide details regarding the structure, operations, and governance of these entities, including the role of Commissioners and Commission staff in these operations. Please specifically address the budgeting process for these entities, and identify whether those budgets are formed through a public process. Finally, please provide the Authorities Unit with the most recently approved budgets for these entities, as well as audit reports, and any other relevant documents.

Meeting Materials and Requests for Proposals

We request that you begin providing the Authorities Unit with copies of all the meeting materials that Board members receive, including Executive Session materials. Although we have requested full sets of Board meeting materials in the past, it appears that certain documents are still not being provided to the Authorities Unit. Moreover, as previously stated in Deborah Gramiccioni's September 20, 2010 letter to your attention, the Authorities Unit also requires that copies of Resolutions that the Commission intends to consider at meetings be provided in advance. As you know, these policies were addressed in Deborah Gramiccioni's February 26, 2010 memorandum to all authorities.

Additionally, we again request that you provide the Authorities Unit with copies of all bid solicitations, requests for proposals, and requests for qualifications at least at the time they are released to the public. This will provide the Authorities Unit with advanced notice of the types of procurements in which the Commission is seeking to engage. Although you recently provided multiple requests for proposals, some of them were provided several days after they

were released. We seek to ensure that you continue to provide these documents to the Authorities Unit, but in a timely manner.

Travel

The Authorities Unit has not received any travel requests from your office since the Governor signed Executive Order 15 on February 23, 2010, which, in part, required Governor's Office approval for all authority travel in excess of $250. I expect that the reason for not having received travel requests is that there has been no travel by Commission staff or Board members. If, however, Commission staff or Board members have taken part in travel that was paid for with Commission funds, please indicate that to the Authorities Unit in writing and provide details of all such travel that has taken place since February 23, 2010. This office expects that all travel requests in excess of $250 will be submitted to the Authorities Unit for approval.

Vehicles

In the Commission's response to Deborah Gramiccioni's recent request for information, we were informed that in addition to a pool of vehicles that can be used by designated employees, the Commission assigns vehicles to you, the Deputy Executive Director, the Plant Engineer, and the Construction and Dam Management Engineer. We expect that these vehicles are used for business purposes only. Please confirm that this is accurate. If not, please explain the extent of the use of these Commission vehicles.

We anticipate your prompt cooperation and compliance with these requests within seven (7) business days.

Sincerely,

Jeffrey S. Chiesa
Chief Counsel

c: Deborah L. Gramiccioni, Director, Governor's Authorities Unit
Carmen Orechio, Chairman, North Jersey District Water Supply Commission
Board of Commissioners, North Jersey District Water Supply Commission