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Political fight leaves PVSC unable to borrow money for Sandy-damaged sewage plant

By Ted Sherman/The Star-Ledger

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Joe Perno, a maintenance foreman, works on a damaged air compressor at the PVSC sewage treatment plant in Newark.

John Munson/The Star-Ledger

Michael DeFrancisci is facing his own fiscal cliff and from where he sits, the situation stinks.

Literally.

Sometime soon, the executive director of the state's largest sewage treatment plant — nearly wiped out by Hurricane Sandy — will need to pay for more than \$250 million in storm-damaged wastewater facilities that are barely functioning.

But an angry political standoff, ignited by a history of scandals, has left the Passaic Valley Sewerage Commissioners unable to borrow money to fix anything.

Two years after Gov. Chris Christie fired most of the PVSC's board for abusing their positions, a long-running impasse with the state Senate over the appointment of replacement commissioners means the state agency now has no authority to finance the

repairs of a plant serving an estimated 3 million people in Passaic, Essex, Union, Hudson and Bergen counties.

"We're up and running, but it's being kept together with rubber bands and glue," DeFrancisci said. "We need bonding passed by commissioners that don't exist."

Both Senate Democrats and the governor's office pointed fingers at each other over the impasse.

"We are fully aware of the needs and importance of the PVSC and they won't be ignored," said Michael Drewniak, a spokesman for the governor.

At the same time, Sen. Ronald Rice (D-Essex) said he would not sign off on any new PVSC appointments until the governor named a member approved by the Newark City Council — which has called for the nomination of Rice's own son, who is also a council member.

The PVSC sewage plant, located in Newark where the Passaic River meets Newark Bay, was flooded by 200 million gallons of saltwater when Sandy hit on Oct. 29. Officials said at one point, a 5-foot wall of water overwhelmed the plant, which treats an average of 240 million gallons of wastewater a day. Buildings were destroyed, pumps flooded, vehicles washed away, automated systems shorted out and critical equipment was badly damaged, forcing operators to release billions of gallons of raw or partially treated sewage into the New York Bay over several weeks.

The plant struggled back on line, but DeFrancisci said major systems remain in need of significant repairs. Much of the operation is no longer automated, forcing operators to manually switch on valves and pumps.

Earlier this month, PVSC received nearly \$15 million in storm grant money from the Federal Emergency Management Agency to reimburse the authority for costs incurred for interim repairs and sludge shipping costs.

DeFrancisci said FEMA has a dedicated team on site, and is expected to recommend millions more in grant money. However the PVSC will be obligated to match 25 cents on the dollar, and with \$250 million in needed repairs, he said the authority has no way to pick up the check.

The bonding roadblock is written into the PVSC's statute, according to Joseph Kelly, the chief financial officer of the authority, who said the commission must approve any borrowing.

"We need a quorum. And one person does not represent a quorum," he explained.

The PVSC has been essentially operating without a commission for the past two years. Nearly all of its members were fired by Christie in early 2011, after a series of reports in The Star-Ledger documenting widespread patronage, nepotism and self-dealing at the authority. The governor, charging that those members used the agency as a "piggy bank" by hiring friends and family and blatantly ignoring conflicts of interest, ordered they resign or face removal for cause. Only Kenneth Lucianin, a Democrat, was not asked to leave.

Christie nominated two Republicans to begin filling the vacancies — William J. Roca from Wayne, and Cedar Grove Township Manager Thomas Tucci — to the PVSC. But both choices were bottled up in the Senate.

Christie and the Senate have long been at odds over a litany of appointments, from judges to prosecutors to college board members — a political stalemate that has shown no signs of ending. Using an unwritten rule known as senatorial courtesy, senators can block the nominations of any gubernatorial appointee from their home county without explanation.

Rice said he had no problem with either Roca or Tucci, but added that he would not sign off on anyone until a representative named by the Newark City Council was appointed. He said the city pays more than 40 percent of the authority's budget and the council needed to be represented.

"They have to be in that room and have some input," he said. "All the governor has to do is listen to the council."

The city council has recommended that the governor name the senator's son, West Ward Councilman Ron C. Rice.

Drewniak said the Senate has a responsibility to act on the governor's nominations, and also questioned its refusal to give Christie veto power over the PVSC, one of the few state agencies immune from direct oversight by the governor.

In the meantime, both Tucci and Roca's nominations are set to expire and Christie has yet to nominate anyone else.

DeFrancisci said time is running out.

"We're really going to be in a pickle in very short order if we cannot go out and get this money," he said. "The only way to do it is to bond, and we don't have the ability to bond. We're with our backs to the wall."