



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the New Jersey Water Supply Authority July 7, 2014

A regular meeting of the New Jersey Water Supply Authority was convened on July 7, 2014 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Canal Office located at 770 Bear Tavern Road, West Trenton, New Jersey.

As designated by Bob Martin, Commissioner New Jersey Department of Environmental Protection and Chair New Jersey Water Supply Authority, Fred Sickels, Director, Division of Water Supply and Geoscience, served as Acting Chair of the meeting and called the meeting to order.

Senior Deputy Attorney General Helene Chudzik read the statement required by the "Open Public Meeting Act".

Executive Director Henry S. Patterson took the roll call of the Authority members.

Present: Fred Sickels, Acting Chair
Susan Blew - by phone
Louis Mai - by phone
Steven Picco - Absent
Shing-Fu Hsueh
Robert Iacullo
Ellsworth Havens - by phone

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Oleg Kostin, New Jersey American Water
Frank Falco, Middlesex Water and East Brunswick
Robert Barth, D&R Canal Watch

Authority Staff Present:

Henry S. Patterson, Executive Director
Zenona I. Puć, Executive Secretary II
Edward Buss, Chief Engineer
Beth Gates, Director Finance & Administration
Rita Nagy, Supervisor Financial Services
Paul McKeon, Manager Manasquan Water Supply System
Kenneth Klipstein, Director Watershed Protection Programs
Helene Chudzik, Senior Deputy Attorney General
Christopher Howard, Governor's Authorities Unit
Adam Tamzoke, Governor's Authorities Unit
Michael Sullivan, Governor's Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Sickels asked for the approval of the minutes of the June 2, 2014 meeting. Dr. Hsueh moved the motion approving the Minutes as prepared and the motion was seconded by Mr. Mai. The Minutes of the June 2, 2014 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated that reservoirs levels are near or above averages with Round Valley at 95 percent of capacity, Spruce Run at 97 percent and Manasquan at 98 percent of capacity. Mr. Patterson stated that the breach at the Canal in South Bound Brook has been completed. Mr. Patterson stated that the Authority has been working with Gannett Fleming and the Technical Review Board on further studies of Round Valley and Spruce Run Dams.

Mr. Patterson also stated that a Pre-Audit meeting was held prior to the July meeting. The Audit is scheduled to begin on July 21. Mr. Patterson stated that Commissioner Iacullo will report on the Pre-Audit meeting.

COMMUNICATIONS/CORRESPONDCE

Mr. Patterson stated that there was no communications and correspondence received.

UNFINISHED BUSINESS

Mr. McKeon stated that the reservoir is in very good condition and that the water quality is good. Mr. McKeon stated that all operations at the Manasquan System are normal. Mr. Sickels asked if there were any storms that churned up the color in the river. Mr. McKeon stated that there was one storm but no issues were reported. Mr. McKeon stated that everything else is normal and had nothing else to report.

Mr. Buss stated that the work on Pump Assemblies #1 and #6 are progressing and that the Pumps have been shipped to Mexico for testings. Mr. Buss stated that by Resolution No. 2113, dated July 1, 2013 the Board authorized an additional purchase of up to \$445,200 for allowance items that may be needed for the refurbishment of the two (2) Pumps. Mr. Buss stated that out of the \$445,200 for allowance items \$33,000 has been incurred to date and that no additional allowance items are anticipated. Mr. Buss stated that installation of the two (2) pumps is expected to be in August.

Mr. Klipstein reported that the NJDEP published a notice in the June New Jersey Register of a public hearing on the long anticipated proposal to adopt a Total Maximum Daily Load Report for the Non-Tidal Raritan River Basin Addressing Total Phosphorus, Dissolved Oxygen, pH and Total Suspended Solids Impairments. Mr. Klipstein announced that

the Public Hearing is set for Wednesday, July 16, 2014 from 3 to 5 PM at the Somerset County Administration building.

Mr. Klipstein went on to explain that a Total Maximum Daily Load or TMDL is a scientific determination of the maximum amount of a given pollutant that a surface water body can absorb and still protect human health and aquatic life (taking into account Point and Non-point source contributions and a margin of safety. He stated that TMDLs are required, under Section 303(d) of the Federal Clean Water Act, to be developed for water bodies that cannot meet surface water quality standards after the implementation of technology-based effluent limitations. Mr. Klipstein concluded by stating that his office is working closely with the DEP on the adoption process.

NEW BUSINESS

Ms. Gates reported on the proposed FY2015 Rates for the Manasquan Reservoir System and stated that the Resolution will allow the final adoption of the Rates which were published, as a proposal, in the NJ Register on March 17, 2014. Ms. Gates stated that there were no issues raised this year for the Manasquan Reservoir System. Ms. Gates stated that there are no recommended changes to the initial proposal adopted by the Board in February 3, 2014. Ms. Gates stated that the Resolution will adopt a Rate of \$1,015.90 per million gallons for initial customers and the delayed Rate of \$1,168.49 per million gallons, same as last year. Ms. Gates stated that the Rates for FY2015 will be published in the NJ Register on August 4, 2014 and will become effective on July 1, 2014.

Mr. Iacullo moved the resolution adopting the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, to become effective August 4, 2014 (regulations found at N.J.A.C. 7:11-4 et seq.). Dr. Hsueh seconded the motion. All Authority members approved the resolution.

Ms. Gates reported on the Rates for the Raritan Basin System and stated that the Resolution will allow the final adoption of the Rates which were published, as a proposal, in the NJ Register on March 17, 2014. Ms. Gates stated that there were three recommended revisions to the original proposed rate package as presented at the Authority meeting held on February 3, 2014. Ms. Gates stated that the total revised Rates for the Raritan Basin System will increase from \$231.00 to \$246.00 per million gallons. Ms. Gates stated that all of the components remain the same except for the Operations & Maintenance Component (O&M). The O&M component becomes effective August 4, 2014, which is the date for the publication of the final adoption in the New Jersey Register. The remaining sections of the rates go into effect on July 1, 2014 because there are no changes.

Mr. Mai moved the resolution adopting the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System (regulations found at N.J.A.C. 7:11-2.1 et

seq.). Dr. Hsueh seconded the motion. Mr. Iacullo abstained from voting on this resolution. All other members of the Authority voted for this resolution. The resolution was approved.

Ms. Gates provided the background information on the Resolution authorizing the Executive Director to negotiate and execute a contract with Hunterdon Medical Center for Uninterruptible Service from the Raritan Basin System. Ms. Gates stated that the Authority received an application from Hunterdon Medical Center for an uninterruptible supply of .183 million gallons per day (mgd), of which .066 mgd is deemed consumptive, for public community supply, heating & cooling, and other on-site hospital purposes, for the period of July 1, 2014 through March 31, 2024. Ms. Gates stated that the water would be withdrawn from 4 existing groundwater wells on Hunterdon Medical Center's property located in Flemington, NJ. Ms. Gates stated that Hunterdon Medical Center met the standards imposed on the application. Ms. Gates stated that a notice of public hearing was mailed to interested parties on May 23, 2014 and a public hearing was scheduled on June 10, 2014. After no interested party responded, no objections were received from any party and because the Authority had no other independent issues of concern, the public hearing, scheduled for June 10, 2014 was canceled pursuant to N.J.S.A. 13:13-12.9.

Ms. Gates provided the background information on the Resolution authorizing the Executive Director to negotiate and execute a contract with Princeton University Facility Operations for Uninterruptible Service from the Raritan Basin System. Ms. Gates stated that the Authority received an application from Princeton University Facility Operations for an uninterruptible supply of .03 million gallons per day (mgd), of which .027 mgd is deemed consumptive, for evaporative cooling and general irrigation purposes, for the period of July 1, 2014 through March 31, 2024. Ms. Gates stated that the water would be withdrawn from 2 existing groundwater wells on University property and an intake at Lake Carnegie in Princeton, NJ. Ms. Gates stated that Princeton University Facility Operations has met the standards imposed on the applications. Ms. Gates stated that a notice of public hearing was mailed to interested parties on May 23, 2014 and a public hearing was scheduled on June 10, 2014. After no interested party responded, no objections were received from any party and because the Authority had no other independent issues of concern, the public hearing, scheduled for June 10, 2014 was canceled pursuant to N.J.S.A. 13:13-12.9.

Ms. Blew moved the Resolutions authorizing the Executive Director to negotiate and execute a contract with Hunterdon Medical Center for an Uninterruptible Service from the Raritan Basin System for the period of July 1, 2014 through March 31, 2024 and for a contract with Princeton University Facility Operations for an Uninterruptible Service from the Raritan Basin System for the period of July 1, 2014 through March 31, 2024. Mr. Sickels seconded the motion. All Authority members approved the resolutions.

Mr. McKeon provided the background information on the Resolution authorizing the Executive Director to enter into a contract for the raw water flow control valve improvements at the Manasquan Water Treatment Plant (MWTP) to Iron Hills Construction of Wayne, NJ. Mr. McKeon stated that the Authority operates the MWTP for the Southeast Monmouth Municipal Utilities Authority (SMMUA). Mr. McKeon stated that by Resolution No. 1807, dated December 3, 2007, the Authority authorized a contract to be executed with Malcolm Pirnie for the preparation of an asset management plan and 20 year capital improvement plan for the MWTP. Mr. McKeon stated that as part of the process, the consultant inspected all significant assets and systems in the MWTP. The asset management plan and 20 year capital improvement plan recommended the replacement of the influent raw water flow control valve in 2014.

Mr. McKeon explained that advertisements for bids were published in three newspapers of general circulation and the advertisement was also posted on the Authority's and the State's websites. Five (5) bids were received and opened. Mr. McKeon provided the details of the amounts of the bids received. Ms. Blew moved the Resolution authorizing the Executive Director to enter into a contract for the replacement of the raw water flow control valve to Iron Hills Construction of Wayne, NJ for a lump sum cost of \$160,305.00. Mr. Iacullo seconded the motion. All Authority members approved of this resolution.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Consumers - no report
- (d) Audit - Commissioner Iacullo, chaired the Audit Committee and reported that a Pre-Audit meeting for FY2014 was held today with the Mercadien Group in accordance with EO 122. Commissioner Iacullo stated that the Auditor outlined their auditing plan and procedures for FY2014. Commissioner Iacullo stated that a draft report will be completed by August 1, 2014 and a final Audit Report will be issued to the Authority in time for the October meeting. Commissioner Iacullo stated that there were no real issues to report only one accounting principle, the GASB65 which controls the inflow and outflows that will result in the restatement of a yearend FY2013 expense. Commissioner Iacullo stated that staff has been working with Mercadien on that.
- (d) Public Participation - no report

(e) Capital Projects - no report

(f) Insurance - no report

(h) Watershed Lands Acquisition Committee - no report

PUBLIC COMMENT

Mr. Barth stated that a visitor's center will open in Griggstown in July. Mr. Barth commended the Authority on the quick response and quality of the repairs to the breach at the Canal in South Bound Brook. Mr. Barth had a question regarding the Raritan Basin Rates which was answered to his satisfaction.

EXECUTIVE SESSION

There was no need for an Executive Session

Mr. Iacullo moved to adjourn the meeting. Mr. Mai seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:20 P.M.

I hereby certify this to be a true and original copy of the July 7, 2014 New Jersey Water Supply Authority meeting minutes.



Zenona I. Puć
Executive Secretary II