



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the
New Jersey Water Supply Authority
March 4, 2024

A regular meeting of the New Jersey Water Supply Authority was convened on March 4, 2024 at 2:10 P.M. via teleconference.

As designated by Shawn M. LaTourette, Commissioner, New Jersey Department of Environmental Protection and Chair, New Jersey Water Supply Authority, Steven Domber, State Geologist, Division of Water Supply and Geoscience, served as Acting Chair of the meeting and called the meeting to order.

Deputy Attorney General Kathrine Hunt read the statement required by the "Open Public Meetings Act". Executive Director Marc Brooks took the roll call of the Authority members.

Present: Steven Domber, Acting Chair
Susan Blew
Ellsworth Havens
Steven Picco

Absent: Robert Iacullo

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Robert Barth, D&R Canal Watch
Oleg Kostin, New Jersey American Water
Frank Marascia, New Jersey American Water

Authority Staff Present:

Marc Brooks, Executive Director
Susan Buckley, Director Finance and Administration
Darin Shaffer, Chief Engineer
Paul McKeon, Director Manasquan Water Supply System/D&R Canal
Kenneth Klipstein, Director Watershed Protection Programs
Rita Shaw, Controller
Dorota Neulinger, Principal Accountant
Robin Greg, Finance & Accounting Analyst
Jared Berger, Geospatial Analyst
Kathrine Hunt, Deputy Attorney General
Laura Wilton, Associate Counsel, Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Domber opened the meeting by asking for the approval of the minutes of the February 5, 2024 meeting. Ms. Blew moved for the approval of the minutes as prepared, and this motion was seconded by Mr. Havens. The minutes of the February 5, 2024 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Brooks introduced Steve Domber as the State Geologist and Board Designee, replacing Jeffrey Hoffman in this role.

Mr. Brooks stated that everybody has a copy of his report. Mr. Brooks stated that rainfall recorded at the Spruce Run gage for February was only 1.55 inches, which was more than 1.1 inches below average.

Mr. Brooks stated that pumping to Round Valley was initiated in mid-November. After a slow start, the Authority has had great success with the pumping operations to date. Part of the success is due to the fact that the Authority is releasing from Spruce Run to maintain pumping efficiencies to Round Valley. As of this morning, a total of 7.9 billion gallons have been pumped to Round Valley and the pool has increased by almost 14 feet.

Mr. Brooks noted that the total increase in storage at Round Valley has gone from 36 billion gallons to just under 47 billion gallons, with 55 billion gallons being full capacity. As of this morning, the Spruce Run Reservoir storage level is 97 percent, and the combined storage (Round Valley and Spruce Run) was 87.4 percent of capacity compared to a combined historic average storage of 90.9 percent for this date. The Manasquan Reservoir storage level as of this morning is 97.1 percent of capacity.

Mr. Brooks discussed that last week, the NJDEP announced the publication of its Draft of the 2024 New Jersey Statewide Water Supply Plan (Plan), of which the Authority staff provided some input, and that public meetings will be held on March 15 and April 9. Mr. Brooks noted the 60-day public comment period ends on April 26 and that members of the Authority staff will be briefed virtually on the plan in the coming weeks. Mr. Brooks stated that if any Board members are interested in participating in the briefing, an invitation would be forwarded.

Mr. Brooks acknowledged Darin Shaffer who will be retiring at the end of March. Mr. Brooks noted that Mr. Shaffer has been at the Authority for 4.5 years primarily as Chief Engineer. Prior to his work at the Authority he had a 28 year career at the NJDEP, primarily

in the Dam Safety Section. Mr. Shaffer brought his expertise in this area to the Authority at the perfect time, when the Authority was embarking on the transformational projects on Round Valley and Spruce Run. Mr. Brooks thanked Mr. Shaffer for being an outstanding engineer, leader and friend along with wishing him well in his retirement. Mr. Brooks stated that Mr. Schaffer's replacement, Steven Gates, will start a week from today, allowing for a two-week overlap.

COMMUNICATION/CORRESPONDENCE

Mr. Brooks stated that there were no items of communication or correspondence.

UNFINISHED BUSINESS

Mr. McKeon reported on the Manasquan Reservoir System and the Manasquan Water Treatment Plant/Transmission System. Mr. McKeon stated that the reservoir is at nearly full capacity. Mr. McKeon noted it has been a normal February regarding rainfall and operations. Spring preventive maintenance is being performed and the water treatment plant has been running with no anomalies.

Mr. Shaffer reported on the Raritan Basin System. Mr. Shaffer stated that everyone has a copy of his report. The Raritan Basin continues to be in good condition for this time of year. Spruce Run Reservoir is less than one foot below full pool and the Authority is releasing to support the Round Valley pumping operation. River conditions, supplemented with flow from Spruce Run Reservoir, have allowed us to operate four pumps for most of the last month, which is excellent. The Round Valley design engineer continues to monitor the performance of the embankments and the new filter drain systems. No concerns have been identified.

Mr. Shaffer stated that Canal operations are currently normal. Mr. Shaffer confirmed that after monitoring the situation, the train derailment that impacted the Lehigh River over the weekend has had no impact to the Canal or the intake at Bulls Island.

Mr. Shaffer provided an update on the emergency repairs to the sinkhole and leak that developed in the Canal embankment near the Workhouse Spillway in Hopewell Township, Mercer County. Mr. Shaffer stated that the contractor mobilized last Tuesday and began driving the steel sheet pile cut-off the next day. Mr. Shaffer noted that about half of the steel sheeting has been installed as of this morning and the work is expected to be complete this week. Mr. Shaffer also noted that no adverse impacts to the embankment or Canal have been observed thus far.

Mr. Shaffer reported that work at the Round Valley Project, the Six-Mile Run Culvert Rehabilitation Project, and the Western Canal Embankment Project in Stockton remains in winter shutdown.

Mr. Shaffer reported on the South Branch Pump Station Pump Rehabilitation and Equipment Upgrades. Mr. Shaffer stated the contractor is continuing with the repair and refurbishment of the four pump and motor assemblies in their shop. Mr. Shaffer noted a second phase of this project is progressing in parallel. The Authority is currently seeking bids to replace the traveling water screens at the pump station and these bids are due next week.

Mr. Shaffer reported on the Spruce Run Grouting project, stating that the Authority is working through the permitting and financing application processes. Mr. Shaffer noted that the Authority expects to advertise for contractor pre-qualification submittals starting in March, in anticipation of having a bid package ready for advertisement in May. Mr. Shaffer offered to answer any questions.

Mr. Picco questioned the start date of the Spruce Run grouting, raising concern of possible problems arising in the winter months. Mr. Shaffer stated that the project time frame is two full years. Mr. Shaffer noted that the challenges with grouting in the winter months are manageable and that the contractor will recognize this and work accordingly.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report. Mr. Klipstein complimented the DEP on two recent significant planning achievements. Mr. Klipstein noted that on February 26, DEP released the draft 2024 Statewide Water Supply Plan for a 60-day public comment period. DEP has offered the Authority a separate briefing on the plan. Mr. Klipstein discussed that the Water Supply plan analyzes population shifts, water supply availability surplus and deficits, other challenges, and recommended action areas. The plan is developed by DEP with input and oversight provided by the NJ Water Supply Advisory Council. Mr. Klipstein mentioned that Acting Chair Domber is the manager in charge of the planning effort and that Authority staff serve as an Advisory to the Council. Appointed members of the Council include Chris Adreasen from Middlesex Water and Don Shields from New Jersey American Water.

Mr. Klipstein stated that he was pleased to report that the final version of the New Jersey Aquatic Invasive Species Management Plan is on the way to the Governor for approval. Mr. Klipstein noted that New Jersey is one of only five states in the country that does not have an approved plan. The plan is a framework for aquatic invasive species management statewide. Mr. Klipstein stated that the New Jersey plan has been through a public comment period that ended on February 6, 2024 and that all comments have been incorporated. Mr. Klipstein explained that after the plan is signed by the Governor, it goes to the U.S. Fish & Wildlife's Aquatic Nuisance Species Task Force, the federal body that approves Aquatic Invasive Species plans. Mr. Klipstein further explained that once approved, New Jersey will be eligible to receive implementation funding through the State and Interstate Aquatic Nuisance Species Management Plan Grant Program.

Mr. Klipstein also noted that the plan is scheduled to be presented to the Aquatic Nuisance Species Task Force at their meeting on May 8-9, 2024 for their review and approval. The anticipated application due date for the State Plan Grant Program funding is August 31, 2024.

NEW BUSINESS

Ms. Shaw presented the Unaudited Financial Statements for the six months ending December 31, 2023. Ms. Shaw stated that Bond Resolution requires the Authority to prepare and distribute unaudited financial statements to interested parties within 45 days of the end of each quarter. The financial statements have been distributed to all interested parties and are available on the Authority website.

Ms. Shaw stated that the Financial Statements show favorable results of operations for the six months ending December 31, 2023. There is net income of \$6.3 million compared to \$7.8 million for the same period last year. Operating expenses at December 31, 2023, totaling \$13.0 million, are in line with the budget at 48.7 percent of total budgeted expenses for the fiscal year and are 5.7 percent higher than the same time last fiscal year due to an increase in salary and fringe benefit expenses. Non-operating revenue at December 31, 2023, increased by 91.7 percent to \$3.0 million due to an increase in interest income offset by a decrease in grant revenue and other income. Non-operating expenses at December 31, 2023, increased by 601.4 percent to \$1.8 million due to an increase in the interest component of debt service and costs incurred in the closing of the NJIB 2023 loan. Ms. Shaw offered to answer any questions. No Board action was required.

Mr. Brooks provided the background information for the resolution authorizing submission of one or more loan applications to the New Jersey Infrastructure Bank Financing Program (Program) to finance Spruce Run Reservoir Structures Refurbishment and Resource Preservation Project. Mr. Brooks stated that in 2021 the Authority's Technical Review Board recommended that the Spruce Run Dam be regouted to make improvements to the grout curtain. Mr. Brooks stated that the Authority has procured a professional engineering firm to provide design and construction management services for the project. Mr. Brooks noted that bid documents for construction contractors have been developed and are currently under review.

Mr. Brooks stated the amounts to repay the debt service on this loan are included in the Authority's current rates and will be adjusted when the final debt service schedule has been developed. In April, the Authority plans to bring the formal bond resolution to the Board for approval.

Mr. Havens moved the resolution to authorize the Executive Director to designate an Authorized Representative to execute one or more Program loan applications for up to \$50 million for the rehabilitation and preservation project at Spruce Run Reservoir, and represent the Authority in all matters relating to the Program loan with the New Jersey Department of Environmental Protection and the New Jersey Infrastructure Bank. Ms. Blew seconded the motion for the resolution. All Authority members approved the resolution.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Audit - no report
- (d) Public Participation - no report
- (e) Capital Projects - no report
- (f) Insurance - no report
- (g) Watershed Lands Acquisition - no report

PUBLIC COMMENT

There was no public comment.

ADJOURN

Mr. Havens moved to adjourn the meeting. Ms. Blew seconded the motion. All Authority members approved the motion. The meeting was adjourned at 2:28 P.M.

I hereby certify this to be a true and original copy of the March 4, 2024 New Jersey Water Supply Authority meeting minutes.

Robin Greg

Robin Greg
Finance & Accounting Analyst