

Minutes of the Meeting of
New Jersey Water Supply Authority
of
August 7, 2006

A regular meeting of the New Jersey Water Supply Authority was convened on August 7, 2006 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Manasquan Water Supply System Administration Building located on Hospital Road, Wall, New Jersey.

As designated by Commissioner Lisa P. Jackson, Gary Sondermeyer served as Acting Chair of the meeting and called the meeting to order.

Deputy Attorney General Helene P. Chudzik read the statement required by the "Open Public Meeting Act". Executive Director Henry S. Patterson III took the roll call of the Authority members.

Present: Gary Sondermeyer, Acting Chair
Louis Mai
Susan Blew
Donald Correll
Shing-Fu Hsueh
Robert Iacullo
Steven J. Picco - by telephone

Interested Parties Present:

Oleg Kostin, New Jersey American Water
Charles Engler, Friends of Spruce Run

Authority Staff Present:

Henry S. Patterson III, Executive Director
Joanna K. Stem, Executive Secretary
Beth Gates, Director Finance & Administration
Edward Buss, Chief Engineer
Frank Scangarella, Director of Contracts, Risk Mgt & Legal Affairs
Richard Famularo, Manager Manasquan Water Supply System
Helene P. Chudzik, Deputy Attorney General
Jim Carey, Governor's Authorities Unit
Robert H. Beinfield, Esq., Hawkins Delafield & Wood LLP

A quorum existed for the transaction of Authority business.

APPROVAL OF THE MINUTES

Acting Chair Sondermeyer asked for the approval of the minutes of the June 5, 2006 meeting. Mr. Mai moved for the approval of the minutes and this motion was seconded by Mr. Iacullo. The minutes of the June 5, 2006 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated that Mr. Buss would review in detail the June flooding event and damages to the D & R Canal. Mr. Patterson noted that the preliminary damage assessment is \$1.2 million. Staff is optimistic that FEMA will be paying for a large portion of the repair costs. Mr. Patterson asked everyone to review the photo board for the Hoffman Park Restoration project. He described the project and explained that this a very significant stream restoration project. There will be a detailed presentation on the project at the Authority's September meeting. Mr. Patterson also stated that the Authority closed on two critical watershed properties in Bethlehem Township Hunterdon County. Mr. Patterson reported to the Board that Mercadien Group began the audit of fiscal year 2006. The Authority has again received the Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2005. This is the fourteenth consecutive year the Authority received this award.

Acting Chair Sondermeyer welcomed and introduced Jim Carey, the Authority's counsel from the Governor's Authorities Unit.

COMMUNICATIONS/CORRESPONDENCE

There was one item of Communications/Correspondence included in the agenda package.

UNFINISHED BUSINESS

Mr. Patterson asked Mr. Famularo to provide the operations report for the Manasquan Water Supply System. Mr. Famularo reported that the Manasquan Reservoir is at elevation 101.25' which is approximately 92% of full capacity. Mr. Famularo informed the Board that the water allocation permit from the N. J. Department of Environmental Protection (NJDEP) for the Manasquan System was scheduled for renewal and that the NJDEP visited the site to review the operation at the Manasquan System. Mr. Famularo said Requests for Proposals were received for the design of an enclosure for the intake pump station. This project

is part of the capital improvement program and will improve security and prolong the life of the equipment at the intake pump station.

Mr. Famularo reported on the Water Treatment Plant/Transmission System. All operations and delivery continue normally at the Water Treatment Plant. Mr. Famularo stated that there was a compliance inspection performed at the treatment plant in June 2006 and an "acceptable" rating was issued. Mr. Famularo informed the Board that two towns invoked an optional water use schedule for 2006.

Mr. Patterson asked Edward Buss to provide the report on the Raritan Basin System. Mr. Buss described the damages to the canal embankment caused by widespread flooding along the Delaware River. Mr. Buss stated that the sediment buildup from the flooding at the Swan Creek Culvert was removed by Authority staff. Releases were made from the Spruce Run Reservoir starting July 27, 2006.

Mr. Patterson commended the Authority staff for their dedication and hard work during the flooding. Mr. Patterson stated that he has attended several post-flood meetings with municipal officials, who very publicly complimented the Authority and Authority employees for their actions.

Mr. Patterson provided an update on the Watershed Protection Unit stating that last month the Memorandum of Agreement with the NJDEP was approved for \$340,000 from excess 319h Grant money to implement projects as identified in the "Delaware and Raritan Canal Tributary Assessment and Nonpoint Source Management Project Watershed Restoration and Protection Plan". Additional funds from the Corporate Business Tax will be received and will be used for additional projects as identified in the above plan.

NEW BUSINESS

Mr. Patterson stated that the first resolution concerns the Authority's financing for land acquisition programs. Mr. Patterson introduced Robert Beinfield, Esq., the Authority's Bond counsel. Mr. Patterson told the Board that the Authority has the pre-approval letters signed by the Governor and Treasurer that are needed for this financing.

Mr. Scangarella provided the background information on the resolution for the 2006 Financing Program with the New Jersey Environmental Infrastructure Trust explaining the details and terms of the loan. This year the Authority is financing up to \$3,100,000 to purchase five critical watershed properties, for a 20-year term with an approximate interest rate of 1.3%. Mr.

Scangarella further explained that the actual interest rate would be struck upon the issue of the bonds in early November. Mr. Mai moved the Resolution authorizing the issuance of not exceeding \$3,100,000 Subordinate Bonds (Delaware and Raritan System - Series 2006) of the New Jersey Water Supply Authority and providing for their sale to the New Jersey Environmental Infrastructure Trust and the State of New Jersey and authorizing the execution and delivery of certain agreements in connection therewith. Dr. Hsueh and Mr. Iacullo seconded this motion. All Authority members approved of the resolution.

Mr. Scangarella provided the background information on the resolution for the execution of an agreement for services with a Risk Management Consultant. Mr. Scangarella explained the selection process, stating that five consultants submitted proposals, the top three proposals were determined and with approval of the Chair of the Insurance Committee, the fee proposals of the three highest ranked firms were opened and reviewed. This resolution would authorize the execution of a contract with Albert Risk Management Consultants of Needham, Massachusetts for a one-year period for an amount not to exceed \$25,600 for program review and remarketing, with options to renew for two consecutive one-year periods. Dr. Hsueh moved the Resolution authorizing the execution of a Risk Management Consulting Services Agreement. Mr. Iacullo seconded this motion. All Authority members approved of the resolution.

Mr. Patterson explained that the next two resolutions would ratify his emergency actions taken in accordance with the Authority's By-Laws for repairs to the D & R Canal after the recent flooding. Mr. Patterson stated that he did receive the approval of the Chair and reviewed his action with Board members, as required by the By-Laws.

Mr. Buss provided the background information on the resolutions ratifying the Executive Director's emergency actions. Mr. Buss explained that there was a 100' long breach of the western canal embankment of the D & R Canal at Station 189+00 in Stockton on June 28, 2006 as a result of the Delaware River flooding. The Authority contacted and hired the engineering firm of French and Parrello Associates; they prepared plans and specifications for the repairs of the breach. Mr. Buss further explained that a mandatory pre-bid meeting was held on Saturday July 1, 2006, which was attended by four contractors. Three bids were received on Monday July 3, 2006. After the bids were opened and reviewed, the lowest responsive bidder was Merco, Inc. of Lebanon, NJ. After negotiations were held with Merco, Inc. to determine a price to complete the repair work in a shorter amount of time, the contract was awarded to Merco, Inc. in the amount of \$480,176.00. Mr. Buss stated that the project was completed

earlier than the anticipated completion date. Mr. Buss explained the additional emergency work that needed to be completed to repair an old timber waste gate structure known as the Brookville Wastegate. The contractor repaired the damage with a concrete plug. This work was authorized through a change order to the contract in the amount of \$59,806.80. This work also is completed.

Mr. Buss discussed the plans and specifications being developed by French & Parrello Associates for the repairs of the western Canal embankment between the Prallsville Lock and Station 163+00. The western embankment breached at Station 163+00 during the April 2005 flood event and was severely eroded in this year's flooding. Additional significant scour occurred at Station 157+00, approximately 200 feet downstream of the Prallsville Lock, and needs repair on an expedited basis to guard against failure. Staff proposes to invite six (6) contractors to provide bids to repair damage to the embankment in between the Prallsville Lock at Station 155+00 and last year's breach site at Station 163+00. Details of this solicitation will be provided to the Board at the September meeting.

Mr. Iacullo moved the Resolution ratifying the actions of the Executive Director in awarding a construction contract to Merco, Inc. for the emergency repairs of the Western Canal Embankment of the D & R Canal Station 189+00 and the Brookville Wastegate in Stockton Borough, Hunterdon County, NJ and the Resolution ratifying the actions of the Executive Director in awarding a professional services contract for the design and construction oversight of the emergency repairs to the western canal embankment of the D & R Canal at Station 189+00, the inspection of the western canal embankment from the Prallsville Lock at Station 155+00 to Station 208+00, and recommendations, design, and construction oversight for the repair measures of the western canal embankment at approximate station 163+00 in Stockton Borough, Hunterdon County, NJ to French and Parrello Associates of Wall, New Jersey. Mr. Mai seconded this motion. All Authority members approved of the resolutions.

Acting Chair Sondermeyer complimented Mr. Patterson and the Authority staff for their outstanding job during the recent flooding event.

Mr. Patterson provided the background information on the resolution ratifying the purchase of a three-sided precast culvert for Crystal Springs. This is the second of the two stream restoration projects to be completed this summer. Mr. Patterson explained that the project could only be undertaken from July 15 to September 15, because of trout production in the stream. Mr. Patterson further explained that since there was no

July 2006 Board meeting and this bid was only \$500 in excess of the required amount for board approval, verbal approval of board members was requested and received. Dr. Hsueh moved the Resolution ratifying the actions of the Executive Director in awarding a purchase order for the production and delivery of a three-sided precast box culvert, wingwalls, and footings for Crystal Springs Culvert over Spruce Run to Oldcastle Precast, Inc. dba Rotundo Precast of Telford, Pennsylvania for a lump sum amount of \$25,500. Mrs. Blew seconded this motion. All Authority members approved of the resolution.

Mr. Buss provided the background information on the resolution for the rehabilitation of the Swan Creek Aqueduct. Mr. Buss explained that the Swan Creek Aqueduct is located in Lambertville and carries the water from the D & R Canal over Swan Creek. The stonewalls on the side of the aqueduct were damaged in April 2004 and September 2005 during the flooding of the Delaware River. Mr. Buss stated that professional engineering services are needed to perform a complete evaluation of the structure, and to design and oversee the construction on the structure. Mrs. Blew moved the Resolution authorizing award of a professional engineering services contract for the rehabilitation of the Swan Creek Aqueduct on the Delaware and Raritan Canal, City of Lambertville, Hunterdon County, NJ to French and Parrello of Wall, New Jersey for a cost not to exceed \$115,300.00. Mr. Correll seconded this motion. All Authority members approved of the resolution.

Mr. Buss provided the background information on the resolution for the construction contract for the rehabilitation of the Kingston Waste Gate. Mr. Buss explained that there is an obstruction blocking the gate and the gate's operating stem is bent making the gate inoperable. Mr. Buss further explained that a Portadam must be installed in order to complete the repairs. It was suggested that a memorandum be added to the file explaining why the bids for this project were so much higher than the engineer's estimate. Mr. Correll moved the Resolution authorizing the award of a construction contract for the Rehabilitation of the Kingston Waste Gate, Delaware and Raritan Canal, Station 1853+40, South Brunswick Township, Middlesex County, NJ to H. C. Constructors, Inc. of Whitehouse Station, NJ in the amount of \$115,000. Dr. Hsueh seconded this motion. All Authority members approved of the resolution.

Mr. Patterson provided the background information on the resolutions authorizing the execution of an agreement with Middlesex County Planning Department (MCPD) and authorizing an amendment to the existing contract C04024 with Princeton Hydro LLC for the Manalapan Lake Watershed Restoration/Implementation. Mr. Patterson explained that NJDEP has asked the Middlesex County

Planning Department to re-scope the MCPD's 319h nonpoint source grant from its current target area to expand the Authority's current Manalapan Lake Watershed Restoration Plan to the full Manalapan Brook watershed by sub-contract to the Authority. Mrs. Blew moved the Resolution authorizing the Executive Director to execute an agreement with the Middlesex County Planning Department regarding the project: Manalapan Brook Watershed Restoration Plan, Lower Raritan Watershed Management Area, Monmouth and Middlesex Counties, New Jersey for a total amount of \$230,000 and the Resolution authorizing the Amendment to C04024, Contract for Professional Engineering Services: Manalapan Lake Watershed Restoration/Implementation Plan, Lower Raritan Watershed Management Area, Monmouth and Middlesex Counties, New Jersey with Princeton Hydro, LLC of Ringoes, NJ for a total cost up to but not exceeding \$280,510. Mr. Iacullo seconded this motion. All Authority members approved of the resolution.

Mr. Patterson provided the background information on the resolution authorizing the award of a contract for professional engineering services. The funds for this contract are from the Raritan Project Phase 2 Memorandum of Agreement with the Department of Environmental Protection using 604b funds. Mr. Patterson explained that fecal coliform targeted monitoring protocol will be used to focus sampling efforts in support of bacterial TMDL implementation. Mr. Mai moved the Resolution authorizing the award of a contract for professional engineering services: Fecal Coliform Targeted Monitoring Protocol RFP WSA R06038 to TRC Omni of Princeton, NJ for an amount not to exceed \$49,500. Mr. Correll seconded this motion. All Authority members approved of the resolution.

COMMITTEE REPORTS

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

PUBLIC COMMENT

Mr. Engler stated that he felt it was a great year for

recreation at the Spruce Run Reservoir since the weather has been favorable and the water levels have been high at Spruce Run Reservoir. Mr. Engler distributed the Hunterdon Sailing Club's newsletter and complimented the Superintendent at Spruce Run Recreational Area.

EXECUTIVE SESSION

There was no need for an Executive Session.

Dr. Hsueh moved to adjourn the meeting. Mr. Iacullo seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:50 P.M.

I hereby certify this to be a true and original copy of the August 7, 2006 New Jersey Water Supply Authority meeting minutes.

_/s/ Joanna K. Stem_____
Joanna K. Stem