

Minutes of the Meeting of the
New Jersey Water Supply Authority

December 6, 2010

A regular meeting of the New Jersey Water Supply Authority was convened on December 6, 2010 at 2:05 P.M. in the Conference Room of the New Jersey Water Supply Authority's Clinton Administration Building, located at 1851 Route 31, Clinton, New Jersey.

As designated by Bob Martin, Commissioner New Jersey Department of Environmental Protection and Chair New Jersey Water Supply Authority, Assistant Commissioner John Plonski, served as Acting Chair of the meeting and called the meeting to order.

Sr. Deputy Attorney General Helene P. 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: John Plonski, Acting Chair
Susan Blew
Louis Mai
Steven J. Picco
Shing-Fu Hsueh - by phone
Robert Iacullo - by phone

Interested Parties Present:

Oleg Kostin, New Jersey American Water
Frank Falco, Middlesex Water Co. & East Brunswick Township
Dave Shope, Self
Charles Engler, Friends of Spruce Run

Authority Staff Present:

Henry S. Patterson, Executive Director
Zenona I. Puć, Administrative Assistant
Edward Buss, Chief Engineer
Beth Gates, Director Finance and Administration
Richard Famularo, Manager Manasquan Water Supply System
Kenneth Klipstein, Director Watershed Protection Programs
William Bogosian, Manager Raritan Basin System
Helene P. Chudzik, Sr. Deputy Attorney General
Julie Hajdusek, Property Administrator
Johanna Barba Jones, Governor's Authorities Unit - by phone

A quorum existed for the transaction of Authority business.

APPROVAL OF THE MINUTES

Acting Chair Plonski opened the meeting by asking for the approval of the minutes of the November 1, 2010 meeting. Mr. Picco moved the motion approving the Minutes as prepared and the motion was seconded by Mr. Mai. The minutes of the November 1, 2010 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated that everyone has a copy of his report. Mr. Patterson referred to his report and stated that as required by Executive Order #37, the Annual Report must be approved by Board Resolution. Mr. Patterson stated that a draft Annual Report and a Resolution approving the Annual Report are included in the Agenda Package.

Mr. Patterson stated that planning for the dredging of the Delaware and Raritan Canal from Lincoln Highway (Route 27) to Amwell Road in Franklin Township, Somerset County is moving along. Meetings with Municipalities and Canal Stakeholders were held. Mr. Patterson stated that an open house / public meeting is scheduled for Monday, December 13, 2010, to discuss the project.

Mr. Patterson stated that the Authority together with two partners closed on a 223-acre parcel located in Washington Township, Morris County, known as the Borgenicht acquisition.

Mr. Patterson stated that there are nine vacancies in the Maintenance Unit and one in the Fiscal Unit. Mr. Patterson stated that two of the maintenance positions and the one accounting position will hopefully be filled within the next two months.

COMMUNICATIONS/CORRESPONDENCE

There were no items of Communication/Correspondence.

UNFINISHED BUSINESS

Mr. Famularo reported that the Manasquan Reservoir is at 72.7 percent of capacity. Mr. Famularo stated that rainfall was less than 2" in November, below the average for the month.

Mr. Famularo stated that most of the work at the north toe drain was completed. Mr. Famularo stated that new walkways have been added to provide better access to the toe drain and the dam penetration area.

Delivery to customer communities through the Manasquan Water Treatment Plant continued without disruption throughout the month.

Mr. Famularo noted that notices regarding the turbidity excursion of October 17th went out on October 26th and published in the Coast Star on November 4th. Mr. Famularo stated that as a result, the customer communities were required to notify their customers and other sectors of the community no later than November 26th. Mr. Famularo stated that both the instrumentation and ozone projects at the Treatment Plant are moving along.

Mr. Bogosian noted that rainfall for November was 1.43 inches. The rain event from November 30th through December 1st added approximately 5 percent in Spruce Run Reservoir. Spruce Run Reservoir is presently at 71 percent capacity. Mr. Bogosian reported that all operations in the Raritan Basin System remain normal for the month.

Mr. Plonski asked what is the normal Reservoir capacity for this time of year. Mr. Bogosian stated approximately 90 percent.

Mr. Picco inquired on the Wanaque Reservoir capacity. Mr. Patterson noted that it is on an upward curve.

Mr. Klipstein stated that in addition to his report he noted that the survey results on the Peters Brook stormwater reduction project were received. Mr. Klipstein reported that Rutgers conducted follow-up surveys to determine how many of the rain barrels constructed by residents in the targeted Peter's Brook neighborhoods were actually installed. Rutgers reported a 94 percent installation rate in the Peter's Brook neighborhoods compared to a statewide average of 65 percent. Mr. Klipstein stated that his office was invited by NJDEP to participate in a stakeholder discussion on the scientific basis used to designate exceptional waters as Category One in the Surface Water Quality Standards, N.J.A.C. 7:9B. Of particular interest to the Authority is how the designation applies to pump-storage reservoirs such as Round Valley and Manasquan Reservoirs and what impact it may have on future operations.

NEW BUSINESS

Ms. Gates gave a brief report on the Unaudited Financial Statements for the period ending September 30, 2010 stating that the reports were distributed to interested parties. Ms. Gates stated that the financial performance is on track for the fiscal year.

Mr. Picco asked if the Authority has separate Bond ratings from the State's ratings. Ms. Gates stated that the Authority has separate Bond ratings.

Ms. Gates provided the background information on the Resolution approving the Annual Report for New Jersey Water Supply Authority

for 2010 as required by Executive Order 37. Ms. Gates stated that included with the packet is an Annual Report marked draft. Ms. Gates stated that the specific requirements of Executive Order 37 relative to the Authority's 2010 Annual Report are all included in the 2010 Annual Report. Mr. Picco moved the Resolution Approving the Annual Report of the New Jersey Water Supply Authority for 2010. Mr. Iacullo seconded the motion for the Resolution. All Authority members approved the Resolution.

Ms. Gates gave the background information on the Resolution authorizing the placement of the Authority's Insurance Program for the period of March 1, 2011 through February 29, 2012. Ms. Gates explained that this Resolution authorizes the binding of insurance, with the approval of the Chair Insurance Committee, to place/renew the insurance program by March 1, 2011 and further ratified in a Resolution at a subsequent Authority Meeting. Mr. Mai moved the Resolution authorizing the placement of the Authority's Insurance Program for the period of March 1, 2011 through February 29, 2012. Ms. Blew seconded the motion for the Resolution. All Authority members approved the Resolution.

Ms. Hajdusek provided the background information on the Resolution authorizing the Executive Director to purchase a fee simple interest in Block 43, Lot 4, a 31+ acre critical watershed parcel in Raritan Township, Hunterdon County. Ms. Hajdusek stated the Authority previously approved the execution of the contract to purchase the property located in Raritan Township by adoption of Resolution No. 1918 on October 5, 2009. Ms. Hajdusek explained to the Board the location of the properties on a map provided to the Board. Ms. Hajdusek also stated the Authority adopted Resolution No. 1959 on August 2, 2010 authorizing the issuance of bonds to the New Jersey Environmental Infrastructure Trust and the State of New Jersey to finance the acquisition of this parcel. Ms. Blew moved the Resolution authorizing the Executive Director to purchase a fee simple interest in Block 43, Lot 4, a 31+ acre critical watershed parcel in Raritan Township, Hunterdon County. Mr. Picco seconded the motions. All Authority members approved of the Resolution.

Ms. Hajdusek provided the background information on the Resolution authorizing the Executive Director to purchase a fee simple interest in Block in Block 36, Lot 1, a 14+ acre critical watershed parcel in Tewksbury Township, Hunterdon County. Ms. Hajdusek stated the Authority previously approved the execution of the contract to purchase the property located in Tewksbury Township by adoption of Resolution No. 1870 on November 3, 2008. Ms. Hajdusek explained to the Board the location of the properties on a map provided to the Board. Ms. Hajdusek also stated the Authority adopted Resolution No. 1959 on August 2, 2010 authorizing the issuance of bonds to the New Jersey Environmental Infrastructure Trust and the State of New Jersey to finance the acquisition of this

parcel. Mr. Picco moved the Resolution authorizing the Executive Director to purchase a fee simple interest in Block 36, Lot 1, a 14+ acre critical watershed parcel in Tewksbury Township, Hunterdon County. Mr. Mai seconded the motions. All Authority members approved of the Resolution.

Mr. Famularo provided the background information on the Resolution authorizing the Executive Director to amend Contract Number WSA C10017W with O'Brien & Gere (OBG) for professional services for the evaluation and replacement of existing caustic and zinc orthophosphate chemical storage and feed systems, evaluation and modification of existing sludge lagoon and recycle system, and construction of new finished water storage at the Manasquan Water Treatment Plant, Wall Township. Mr. Famularo stated that included with this Resolution is a detailed memorandum along with a memorandum from the consultant and a "breakdown of costs" analysis. Mr. Famularo stated that the Southeast Monmouth Municipal Utilities Authority (SMMUA) is aware of the contract amendment and associated costs. Mr. Picco expressed his concern on the original bid contract and why it was one contract rather than a split contract to award a contract to evaluate what needed to be done and then award a contract for the design and construction management services. Mr. Famularo explained why the benefits of the original procedure that was used for determining the professional services agreement. Mr. Famularo also explained the required additions and deletions from the professional services agreement and the negotiation necessary in order to arrive at the contract amendment cost. Mr. Picco moved the Resolution authorizing the Executive Director to amend Contract Number WSA C10017W with O'Brien & Gere (OBG) for professional engineering services for the evaluation and replacement of existing caustic and zinc orthophosphate chemical storage and feed systems, evaluation and modification of existing sludge lagoon and recycle system, and construction of new finished water storage at the Manasquan Water Treatment Plant, Wall Township, Monmouth County by a lump sum and reimbursable-cost-not-to-exceed amount of \$137,856.00, to bring the total lump sum and reimbursable-cost-not-to-exceed amount of \$914,400.00. Mr. Mai seconded the motion for the Resolution. All Authority members approved the Resolution.

Mr. Famularo provided the background information on the Resolutions authorizing the Executive Director to enter into purchase agreements for sodium hypochlorite, polyaluminum chloride and zinc orthophosphate for the Manasquan Water Treatment Plant, Wall Township. Mr. Famularo stated that the Authority advertised for bids for a 12-month purchase of sodium hypochlorite, polyaluminum chloride and zinc orthophosphate in three newspapers of general circulation. The advertisement for bids was also posted on the New Jersey Business Opportunities web site and on the Authority's web site. Mr. Famularo further stated that nine (9) bids were received and opened at a public bid opening on November

22, 2010, four (4) of the bids were for sodium hypochlorite, three (3) of the bids were for polyaluminum chloride and three (3) of the bids were for zinc orthophosphate. Authority staff reviewed the bids and Mr. Famularo provided the details on the amounts of the bids received. Authority staff recommended purchase order agreements to Miracle Chemical Company of Farmingdale, NJ for sodium hypochlorite, for a unit cost of \$1.357/gallon and a total cost-not-to-exceed \$28,497.00; to Delta Chemical Corporation of Baltimore, MD for polyaluminum chloride for a unit cost of \$0.142/pound and a total cost-not-to-exceed \$56,800.00; and to Carus Corporation of Peru, IL for zinc orthophosphate for a unit cost of \$0.530/pound and a total cost-not-to-exceed \$47,700.00. Ms. Blew moved the Resolutions Authorizing the Executive Director to enter into purchase order agreements for the chemicals as indicated: Miracle Chemical Company of Farmingdale, NJ for sodium hypochlorite, for a unit cost of \$1.357/gallon and a total cost-not-to-exceed \$28,497.00; Delta Chemical Corporation of Baltimore, MD, for polyaluminum chloride for a unit cost of \$0.142/pound and a total cost-not-to-exceed \$56,800.00 and to Carus Corporation of Peru, IL for zinc orthophosphate, for a unit cost of \$0.530/pound and a total cost-not-to-exceed \$47,700.00. Mr. Mai 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 Committee - no report

PUBLIC COMMENT

Mr. Engler commended Mr. Barth of the Canal Society of NJ for the excellent work they do at the Canal. Mr. Engler also thanked the entire Authority for the care given to the Reservoirs.

Mr. Shope expressed his concern about interconnections between the Manasquan Reservoir and the Raritan Systems. Mr. Shope inquired on the critical water parcels purchased by the Authority. Mr. Shope expressed his opinion on the Highlands Act.

EXECUTIVE SESSION

Senior Deputy Attorney General Helene Chudzik read the statement to go into Executive Session to discuss Personnel matters.

Mr. Mai moved the Resolution to go into Executive Session, which Mr. Picco seconded. All Authority members approved the motion.

RETURN TO PUBLIC SESSION

Mr. Mai moved the Resolution that the meeting be placed back into public session. Mr. Picco seconded this motion. All Authority members approved the motion.

Mr. Mai moved to adjourn the meeting. Mr. Picco seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 3:05 P.M.

I hereby certify this to be a true and original copy of the December 6, 2010 New Jersey Water Supply Authority meeting minutes.

Zenona I. Puć
Administrative Assistant