

Minutes of the Meeting of the
New Jersey Water Supply Authority
February 7, 2011

A regular meeting of the New Jersey Water Supply Authority was convened on February 7, 2011 at 2:02 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.

Deputy Attorney General Mark Collier 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

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
Robert H. Barth, D&R Canal Watch

Authority Staff Present:

Henry S. Patterson, Executive Director
Zenona I. Puć, Administrative Assistant
Edward Buss, Chief Engineer
Beth Gates, Director Finance and Administration
Kenneth Klipstein, Director Watershed Protection Programs
William Bogosian, Manager Raritan Basin System
Michael Citarelli, Chief Financial Officer
Mark Collier, Deputy Attorney General
Julie Hajdusek, Property Administrator

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 December 6, 2010 meeting. Mr. Picco moved for the approval of the minutes as prepared and this motion was seconded by Mr. Mai. The minutes of the December 6, 2010 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson opened his Report by stating that snowfall since Christmas at Manasquan totaled approximately 47 and totaled approximately 37 inches in Clinton. Mr. Patterson stated that the Water Treatment Plant at Manasquan is shut down for six weeks due to the Ozone Rehabilitation and the Instrumentation Projects. Mr. Patterson stated that Mr. Buss will give an update report on the Canal dredging project. Mr. Patterson stated that the Authority is in compliance with Executive Order 41 and explained that this Executive Order refers to Authorities and their practices of hiring Lobbyists, Employment Contracts, Financial Compensation upon separation or termination of employment and Travel Restrictions.

UNFINISHED BUSINESS

Mr. Buss provided the report on the Manasquan Water Supply System. Mr. Buss reported that the Manasquan Reservoir is 89% of full capacity, slightly below average at 90%. Mr. Buss stated that there is a lot of snow pack and the Authority is continuing to pump so the Reservoir continues to refill. Everything else with the Reservoir system is normal.

Mr. Picco asked how much of the snow is captured. Mr. Buss stated that in Clinton we capture more in the Spruce Run Reservoir than at Manasquan. Mr. Buss stated that staff has been pumping one pump but will move to two pumps because the Water Treatment Plant is shut down. Mr. Patterson noted that there is a water equivalent of 2.5 inches in the snow pack.

Mr. Buss provided the report on the Water Treatment Plant. Mr. Buss stated that the Water Treatment Plant was shut down this morning for six weeks for two major capital improvement projects, the ozone rehabilitation and the instrumentation system replacement. Mr. Buss stated that the contractors did their preliminary work without the plant being shut down. Mr. Buss stated that both contracts state that the contractors have six weeks of shut down to complete the work. Mr. Buss stated that if work is not completed within six weeks they face a \$25,000 a day

liquidated damages penalty. Mr. Buss stated that all customer communities have been notified.

Mr. Buss reported that the project with O'Brien & Gere at Manasquan for the finished water storage, the recycling system improvements and two chemical storage tank replacements, is moving ahead. Final design documents must be submitted to NJEIT by early March.

Mr. Bogosian reported that everything at the Raritan Basin System is normal.

Mr. Buss reported on the Canal Dredging project and noted that updates will continue as the project progresses. Mr. Buss noted that plans are being developed to remove 250,000 cubic yards of sediment from the Canal between Kingston Lock and Amwell Road in Franklin Township, Somerset County. The project team is developing a plan to remove approximately 250,000 cubic yards of sediment between Kingston Lock and Amwell Road in Franklin Township, Somerset County. The plan will consider the water supply provided by the Canal while being mindful of the historic, cultural and recreational aspects of the waterway. The program includes a significant public outreach effort that includes briefings to Somerset County and the municipalities directly affected by the project, meetings with water purveyors and other interested Stakeholders. An open house and public information meeting was held in Franklin Township on December 13, 2011. The event was attended by nineteen Stakeholders and three water purveyors. Additional meetings will be scheduled with the water purveyors and other interested parties as the project progresses.

Mr. Picco asked where the dredged material would be disposed of. Mr. Buss stated that this will not be known until the sediment sampling and testing are completed. Mr. Picco asked he be kept abreast of the disposal opportunities. Mr. Buss noted that additional information will be available when the consultants submit their February progress report.

Mr. Klipstein provided the report on the Watershed Protection Program. Mr. Klipstein stated that NJDEP continues to revisit various Rules. The Authority has been involved in several Stakeholder meetings. Mr. Klipstein stated that the Authority has been invited to participate in a Public Advisory Committee to review and comment on a draft of the New Jersey Water Supply Plan prior to its release for public comment later this year. A day long facilitated workshop is scheduled for February 24th to provide the NJDEP with detailed feedback on the draft plan. Mr. Plonski asked Mr. Klipstein what he thought of the Stakeholder process. Mr. Klipstein said that they are informative and useful. Mr.

Plonski asked if he had participated in similar meetings in the past. Mr. Klipstein said yes.

NEW BUSINESS

Acting Chair Plonski stated that at this annual organizational meeting the Authority elects a Vice Chair, Treasurer and Secretary, and the Committee structure and members are assigned. Acting Chair Plonski requested that Resolutions A, B, & C be consolidated and moved with one motion and that he would nominate the entire slate. There was no opposition to Acting Chair Plonski's request.

Acting Chair Plonski nominated Steven J. Picco for Vice Chair, Louis C. Mai for Treasurer and Shing-Fu Hsueh for Secretary. Mr. Picco and Mr. Iacullo moved that the nominations be closed. Mr. Plonski moved the Resolution concerning the Vice Chair for the New Jersey Water Supply Authority, the Resolution concerning the Treasurer for the New Jersey Water Supply Authority and the Resolution concerning the Secretary for the New Jersey Water Supply Authority. Mr. Mai and Mr. Picco seconded the motion. All Authority members approved of the resolutions.

Mr. Plonski stated there were no changes on the Committee assignments this year. The Committees and their memberships are: Capital Projects Committee, Mr. Mai, Chair with Mr. Picco and Mrs. Blew members; Personnel Committee, Mrs. Blew, Chair with Mr. Picco and Mr. Iacullo as members; Insurance Committee, Dr. Hsueh, Chair with Mr. Mai and Mrs. Blew as members; Audit Committee, Mr. Picco, Chair with Mr. Iacullo and Mrs. Blew as members; Finance Committee, Mr. Mai as Chair with Mr. Iacullo and Dr. Hsueh as members; Watershed Lands Acquisition Committee, Mrs. Blew as Chair with Dr. Hsueh and Mr. Iacullo as members, and Public Participation Committee, Mr. Iacullo, Chair with Mrs. Blew and Mr. Mai as members. Mr. Mai moved the Resolution concerning the Appointments of Committee Members for 2011. Mr. Picco seconded the motion. All Authority members approved of this resolution. Mr. Plonski thanked all Authority Commissioners, Board members and staff for their work and efforts.

Mr. Picco, Chair of the Audit Committee stated that in accordance with Executive Order 122, the Audit Committee reviewed the proposal from Mercadien, P.C. of Princeton, NJ, the Authority's current auditors, for the Fiscal Year 2011 Audit and the Audit Committee recommends acceptance of the proposal by the Board. Mr. Picco stated that Mercadien asked for a two percent increase in their fee for professional audit services, for a total amount of \$59,470. The proposal was reviewed by the Attorney General's Office and the two percent increase is within the guidelines established by the Audit Committee. Mr. Picco moved the Resolution authorizing a contract renewal with Mercadien, P.C. of Princeton,

NJ including a two percent increase for a total amount of \$59,470, for the Fiscal Year 2011 Audit. Ms. Blew seconded the motion. Acting Chair Plonski, Commissioners Blew, Hsueh and Iacullo approved this resolution. Commissioner Mai abstained.

Ms. Hajdusek provided the background information on the Resolution authorizing submission of loan applications to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) to finance certain New Jersey Water Supply Authority (Authority) critical watershed parcel acquisitions and an application to the Local Finance Board for approval of Authority participation in the NJEIFP. Ms. Hajdusek stated that the land program for the next cycle includes five (5) critical watershed projects, totaling approximately \$2,210,650, including reimbursement for planning and design costs, but will not exceed \$3.0 million. Ms. Hajdusek stated that the Authority would actively seek partnerships with local, county and State government entities as well as non-profit entities to offset acquisition and property management costs. Mr. Mai moved the Resolution authorizing submission of loan applications to the NJEIFP to finance certain Authority critical watershed parcel acquisitions and applications to the Local Finance Board for approval of Authority participation in the NJEIFP. Ms. Blew seconded the motion. All Authority members approved of this resolution.

Ms. Hajdusek provided the background information on the Resolution authorizing the Executive Director to purchase a fee simple interest in Block 12, Lot 11 (portion), a 44+ acre critical watershed parcel in Delaware Township, Hunterdon County. Ms. Hajdusek stated the Authority previously approved the execution of the contract to purchase the property located in Delaware Township by adoption of Resolution No. 1920 on October 5, 2009. Ms. Hajdusek also stated the Authority adopted Resolution No. 1959 on August 2, 2010 authorizing the issuance of bonds pursuant to the New Jersey Environmental Infrastructure Trust Financing Program which included the financing of this parcel. Mr. Iacullo moved the Resolution authorizing the Executive Director to purchase a fee simple interest in Block 12, Lot 11 (portion), a 44+ acre critical watershed parcel in Delaware 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 2, Lot 1.01, a 12+ acre critical watershed parcel in Stockton Borough, Hunterdon County. Ms. Hajdusek stated the Authority previously approved the execution of the contract to purchase the property located in Stockton Borough by adoption of Resolution No. 1954 on April 5, 2010. Ms. Hajdusek also stated the Authority adopted Resolution No. 1959 on August 2, 2010 authorizing

the issuance of bonds pursuant to the New Jersey Environmental Infrastructure Trust Financing Program which included the financing of this parcel. Mr. Picco moved the Resolution authorizing the Executive Director to purchase a fee simple interest in Block 2, Lot 1.01 (portion), a 12+ acre critical watershed parcel in Stockton Borough, Hunterdon County. Mr. Iacullo seconded the motions. All Authority members approved of the resolution.

Mr. Klipstein provided the background information on the Resolution authorizing the Executive Director to acquire automated monitoring equipment from Teledyne ISCO, Inc. for assessing pre and post BMP implementation projects regarding the 319(h) program: Implementation of the Lockatong/Wickecheoke Watershed Plans, Hunterdon County, New Jersey. Mr. Klipstein stated that the Authority received a \$952,500 grant awarded through New Jersey Department of Environmental Protection from the Federal 319(h) Program to implement stormwater control projects in Kingwood, Franklin, Raritan, and Delaware Townships, Hunterdon County, NJ. Mr. Klipstein noted that this equipment will be owned by the Authority and will be used for other projects. Mr. Picco moved the Resolution authorizing the Executive Director to acquire automated monitoring equipment from Teledyne ISCO, Inc. of Lincoln, Nebraska at a cost not to exceed \$53,000 for assessing pre and post BMP implementation projects regarding the 319(h) program: Implementation of the Lockatong/Wickecheoke Watershed Plans, Hunterdon County, New Jersey. Mr. Iacullo seconded the motion. All Authority members approved of the resolution.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Audit - Report given by Commissioner Picco (See page 4)
- (d) Public Participation - no report
- (e) Capital Projects - no report
- (f) Insurance - no report
- (g) Watershed Lands Acquisition - no report

PUBLIC COMMENT

Mr. Barth inquired about the Authority's acquisition program and commended the Authority for the preservation of watershed properties. Mr. Barth asked approximately how many acres is preserved a year.

Mr. Engler referred to the Canal Dredging project and asked what part of the Canal will be dredged and when will the work begin.

Mr. Shope discussed an article on Chesapeake Bay restoration efforts. Mr. Shope asked for the definition of Stakeholders.

EXECUTIVE SESSION

There was no need for an Executive Session.

Mr. Mai moved to adjourn the meeting. Mr. Picco seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:48 P.M.

I hereby certify this to be a true and original copy of the February 7, 2011 New Jersey Water Supply Authority meeting minutes.

Zenona I. Puć
Administrative Assistant