

Minutes of the Meeting of the
New Jersey Water Supply Authority

May 3, 2010

A regular meeting of the New Jersey Water Supply Authority was convened on May 3, 2010 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's 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, Fred Sickels, served as Acting Chair of the meeting and called the meeting to order.

Senior 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 Authority members.

Present: Fred Sickels, Acting Chair
Susan Blew - by telephone
Louis Mai
Steve Picco
Shing-Fu Hsueh - Absent
Robert J. Iacullo - Absent

Interested Parties Present:

David Shope, Self
Frank Falco, Middlesex Water Co. & East Brunswick Twp.
Oleg Kostin, New Jersey American Water
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 & Administration
Michael Citarelli, Chief Financial Officer
Kenneth Klipstein, Director Watershed Protection Unit
Richard R. Famularo, Manager Manasquan Water Supply System
Bill Bogosian, Manager Raritan Basin System
Helene P. Chudzik, Sr. Deputy Attorney General
Johanna Barba Jones, Governor's Authorities Unit

A quorum existed for the transaction of Authority business.

Acting Chair Sickels asked for the approval of the Minutes of the April 5, 2010 meeting. Mr. Picco moved the motion approving the Minutes as prepared and the motion was seconded by Mr. Mai. The Minutes of the April 5, 2010 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson informed the Board that Spruce Run and Round Valley Reservoirs are at full capacity; Manasquan Reservoir is at 98.9% of full capacity.

COMMUNICATIONS/CORRESPONDCE

There were no items of Communications or Correspondence included in this month's agenda package.

UNFINISHED BUSINESS

Mr. Famularo provided a report on the Manasquan Reservoir System operations. Mr. Famularo stated that the Manasquan Reservoir is near full capacity. Mr. Famularo reported on the Security Physical Protection Upgrades and noted that barriers were installed behind the fences and that work has been completed.

Mr. Famularo reported on the Water Treatment Plant/Transmission System operations, stating that all operations continue normally at the Water Treatment Plant. Mr. Famularo reported on the EPA Long Term 2 Enhanced Surface Water Treatment Rule (LT2) that requires testing for cryptosporidium and E. coli in the raw water. The additional sampling requirements have been in effect since April 2008. All sample results through March 2010 have recorded negative results for cryptosporidium.

Mr. Famularo stated the annual granular activated carbon replacement project is in progress. A contract was awarded by Resolution No. 1945 to Calgon Carbon Corporation of Pittsburgh, PA in the amount of \$41,920.00. The replacement carbon project will take place on May 12 and 13.

Mr. Bogosian gave a slide presentation to update the Authority Commissioners on the Asset Management Plan for the South Branch Pump Station (SBPS). Mr. Bogosian discussed the history of the SBPS, the purpose of the Asset Management Plan

and the present status of the equipment at the SBPS. Mr. Bogosian reported that the results of the investigation confirmed problems with the baseplates, pump and motors. Mr. Bogosian reported that the cost to rehabilitate the Pumps is estimated to be approximately \$40,000.00 for each Unit while the cost of replacement is \$300,000.00 each. There will also be additional costs per Unit to rehabilitate the motors and baseplates. The current plan is to service two units this year. Mr. Bogosian reported that once the specifications are complete and approved the Authority will go out for bid. It is estimated that some of the work will take six months to complete. While all ten Pumping Units need some repairs, the repairs will be phased in depending on their individual needs. Mr. Bogosian reported that all operations of the Raritan Basin System have been normal during the last month. Mr. Patterson commended Mr. Bogosian and the SBPS staff on the presentation.

Mr. Patterson stated that the proposed budgets for the Manasquan Reservoir System and the Raritan Basin System for Fiscal Year 2011 were included in this month's Board packet. No Board action is required this month on the proposed budgets. These proposed budgets will be formally presented by Resolution for adoption at the June 7, 2010 Authority meeting. Mr. Citarelli presented the highlights of the proposed FY2011 budgets for the Manasquan Reservoir System and the Raritan Basin System. Mr. Picco asked for an explanation of the Headquarters' Allocation and Mr. Citarelli explained that it is an overhead allocation for the Authority. A brief discussion followed.

Mr. Klipstein stated that in addition to his monthly report, a contract for the grant for the Lockatong and Wickecheoke Creeks Watershed Restoration and Management Plan has been signed by the Executive Director and returned to NJDEP for signature.

NEW BUSINESS

Mr. Famularo provided the background information on the Resolution authorizing the award of a professional engineering services contract required 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, Monmouth County. A Request for Proposals was advertised in three newspapers of general circulation and was posted on the New Jersey Business Opportunities website and Authority's website. Nine (9) Statements of Qualifications and Technical Proposals were received in response to the Request for Proposals. Authority staff members evaluated the proposals and the top three firms,

(1) O'Brien & Gere (OBG), (2) Camp Dresser & McKee (CDM) and (3) Hatch Mott MacDonald (HMM), were invited to submit fee proposals.

Mr. Picco had questions on staff's rankings of the proposals and the fee proposals submitted by the top three ranked consultants. It was explained that the Authority's Policy is in compliance with State procurement regulations regarding the retainage of consultants for Architectural, Engineering and Land Surveying Services in excess of \$25,000. The policy requires public advertisement for solicitation for such services, evaluation of the proposals received using a set of predetermined criteria, inviting submission of fee proposals from at least the top three firms and negotiations with the top rated firm using the other fee proposals and an engineering cost estimate for comparison. The policy precludes negotiation with the other firms until negotiations with the top rated firm reach an impasse and are officially terminated.

Authority staff evaluated the fee proposal from OBG using a direct comparative analysis to the fees of the other top rated firms including a detailed listing of add/deduct items to arrive at the most representative fee proposal for the scope of work. Following the comparative analysis of fee proposals, a negotiation meeting was held with OBG and resulted in a further reduction in their fee proposal in the amount of \$10,311 without a change in the scope of work.

Mr. Picco moved the Resolution authorizing the award of a professional services contract required 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, Monmouth County to O'Brien & Gere, Edison, NJ for a lump sum and reimbursable cost not to exceed an amount totaling \$776,544.00. Mr. Mai seconded the motion. All Authority members approved the resolution.

Mr. Famularo stated that in March 2007 the Authority retained the services of Camp Dresser & McKee (CDM) of Edison, NJ to investigate the ozone system and make recommendations for rehabilitation (Resolution No. 1755. Following their investigation, the consultant recommended replacement of the entire ozone generation, cooling, delivery and destruct system. On behalf of Southeast Monmouth Municipal Utilities Authority (SMMUA) the Authority filed an application to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) for low interest financing on the project. Mr. Famularo provided the background information on the Resolution authorizing the award of a construction contract for Ozone System Improvements at the

Manasquan Water Treatment Plant, Monmouth County. Mr. Famularo explained that advertisements for bids were published in three newspapers of general circulation and the advertisement were posted on the New Jersey Business Opportunities website and Authority's website. Seventeen (17) prospective bidders attended a mandatory pre-bid meeting on March 16, 2010. Six (6) bids were received and opened. Mr. Famularo provided the details of the amounts of the bids received and the engineering estimate for this project.

Mr. Mai moved the Resolution authorizing the award of a construction contract for Ozone System Improvements at the Manasquan Water Treatment Plant, Monmouth County to Worth & Company, Inc., Pipersville, PA for a lump sum amount of \$3,360,000. Mr. Picco seconded the motion. 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 stated that he has been promoting the dual use of the Spruce Run Reservoir not only for water supply source but also for recreation. Mr. Engler handed out a copy of the Union Township Environmental Commission Newsletter that features Spruce Run on the cover.

Mr. Shope asked if action was taken on the Resolution for land acquisition in Washington Township. Mr. Shope asked for a copy of the Contract for the Lockatong and Wickecheoke Creeks Watershed Restoration and Management Plan after it has been executed. Mr. Shope asked about the size and efficiency of the

pump motors at the South Branch Pumping Station.

EXECUTIVE SESSION

There was no need for an Executive Session.

Mr. Picco moved to adjourn the meeting. The motion was seconded by Mr. Mai seconded and was approved unanimously. The meeting was adjourned at 2:40 P.M.

I hereby certify this to be a true and original copy of the May 3, 2010 New Jersey Water Supply Authority meeting minutes.

Zenona I. Puć
Administrative Assistant