



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. BOX 5196 • CLINTON, N.J. 08809 • (908) 638-6121 • (908) 638-5241 (FAX)

Minutes of the Meeting of the New Jersey Water Supply Authority

June 5, 2017

A regular meeting of the New Jersey Water Supply Authority was convened on June 5, 2017 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Canal Office located at 770 Bear Tavern Road, West Trenton, New Jersey.

As designated by Bob Martin, Commissioner New Jersey Department of Environmental Protection and Chair New Jersey Water Supply Authority, Patricia Gardner, Director, Water Monitoring and Standards Element, served as Acting Chair of the meeting and called the meeting to order.

Deputy Attorney General Jung Kim read the statement required by the "Open Public Meeting Act".

Executive Director Beth Gates took the roll call of the Authority members.

Present: Patricia Gardner, Acting Chair
Susan Blew - by phone
Ellsworth Havens
Shing-Fu Hsueh - by phone
Steven Picco

Absent: Robert Iacullo
Louis Mai

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Ed Walker, East Brunswick Water Utility
David Brogle, Middlesex Water Company

Authority Staff Present:

Beth Gates, Executive Director
Michelle Rollman, Executive Secretary II
Marc Brooks, Chief Engineer
Paul McKeon, Director Manasquan Water Supply System/D&R Canal
Susan Buckley, Controller
Michael Sellar, Facilities Manager, D&R Canal Field Office
Rita Shaw, Supervisor Financial Services
Kathy Hale, Principal Watershed Protection Specialist

Heather Desko, Principal Watershed Protection Specialist
Jung Kim, Deputy Attorney General
Labinot Berlajolli, Governor's Authorities Unit
Diane Zalaskus, NJDEP Bureau of Water System Engineering

APPROVAL OF THE MINUTES

Acting Chair Gardner asked for the approval of the minutes of the May 1, 2017 meeting. Mr. Picco moved the motion approving the minutes as prepared and the motion was seconded by Mr. Havens. The minutes of the May 1, 2017 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Ms. Gates stated that everyone has her report. Ms. Gates stated that there is no need for a July Meeting.

Ms. Gates distributed materials on the aquatic invasive species Hydrilla which included information regarding Authority public outreach. The Authority began herbicide injections into the Canal on May 31, 2017. Ms. Gates stated that the target injection rate was 1.8 parts per billion. Because of a power outage on June 3, there was a 12 hour interruption in the injection process. Changes to the software should prevent any further interruptions due to summer storms and power outages. Ms. Gates also noted that because of a data discrepancy between flow calculations at Lambertville Lock and the USGS gaging station at Washington's Crossing, there was a period in which the injection rate was increased to 2.2 parts per billion. The pumping station was utilized, users were notified and the issue was corrected immediately.

Heather Desko showed physical samples of Hydrilla to the Board as well as samples of posted public outreach signage. The origins and nature of Hydrilla were discussed. Mr. Picco asked about contingency plans if the herbicide injections fail. Ms. Gates responded that Authority staff is optimistic about the success of the herbicide, acknowledging that continued maintenance will be required, but that if it should fail, hydro-raking will be necessary.

COMMUNICATIONS/CORRESPONDENCE

Ms. Gates stated that there were five items of communications or correspondence in this month's agenda package including a news article about the Delaware and Raritan Canal dredging, a news article about the rain and water levels at Spruce Run and Round Valley Reservoirs, a news article highlighting the Watershed Ambassador, a news article about Hydrilla, and a Hydrilla brochure. An additional article regarding Hydrilla from Princeton's Weekly Community Newspaper by Anne Levin and dated May 31, 2017, was also distributed.

UNFINISHED BUSINESS

Mr. McKeon reported on the Manasquan Water Treatment Plant/Transmission System and the Manasquan Reservoir System

operations. The Treatment Plant is operating under normal conditions. The Manasquan reservoir is full, which is more than usual for this time of year. Algae growth in the reservoir has been low in the last month, and everything is going well. Mr. McKeon stated that Capital Projects are moving forward.

Mr. McKeon discussed a change order for the contract with Valiant Power Group for Distribution System Pumping Improvements at the Manasquan Water Treatment Plant. Because of a wiring issue relative to the Variable Frequency Drive, the contractor provided a fee proposal in the amount of \$3,340 to bring the total contract value to \$74,390. Staff determined the charge to be reasonable and it was approved by the Chair of the Capital Projects Committee.

Mr. Brooks reported on the Raritan Basin System operations. Mr. Brooks stated that everyone has a copy of his report. As of Thursday, June 1, 2017, Spruce Run has risen to an elevation of 268.73 feet which is 84.1 percent of capacity and 4.25 feet below full capacity. The Authority has been pumping to Round Valley since December 15, 2016 and since that time has moved 5.1 billion gallons. Round Valley Reservoir is 19 feet below capacity at 42.5 billion gallons or 77.3 percent of capacity. The combined capacity is at 78.5 percent compared to an average of 96 percent for this time of year. Mr. Brooks stated that Hunterdon and Somerset counties remain under drought warning conditions and the minimum passing flows remain at reduced levels in the Raritan River.

Mr. Brooks reported on the three areas of seepage on the Delaware and Raritan Canal. Mr. Brooks stated that the first area is in West Amwell Township, just below Lambertville Lock. The water level in the canal was lowered twelve inches which reduced the seepage significantly in that location. The grouting contractor is scheduled to mobilize on June 5, 2017. Mr. Brooks anticipates that the work will be complete within two weeks. A resolution will be prepared for a subsequent Board meeting of the Water Supply Authority to request ratification of the actions of the Executive Director in executing the contract for this work.

Mr. Brooks noted that the second area of seepage is located near Blackwells Mills. Risk reduction measures were installed at that location, including sand filters at the toe of the river-side slope and clay on the canal side. Designs and specifications for a more permanent repair have been prepared and construction bids are anticipated in the near future.

Mr. Brooks stated that the third area of seepage is near the Griggstown Waste Gate. Authority staff received and reviewed the schematic design report and is waiting for plans and specifications from the engineering consultant.

Mr. Brooks stated that there is no new information to report relative to the Technical Review Board and that the consultant

continues work on the schematic design for the Round Valley Dam Rehabilitation Project.

Ms. Gates noted that Mr. Klipstein was absent and stated that everyone has a copy of his report for the Watershed Protection Programs Division.

NEW BUSINESS

Susan Buckley provided the background information on the Unaudited Financial Statements for the nine months ending March 31, 2017. Ms. Buckley noted that the statements have been posted to the Authority website and sent to the required parties. Ms. Buckley stated that the results are on target and that the Authority had a net change of position of \$5.2 million, up from \$4.2 million the previous year. A large component of the increase was the FASB 71 cost recovery item due to the bond refunding in Manasquan. Ms. Buckley stated that this is an expense line item that adjusts for the difference between principal repayments and depreciation. Ms. Buckley offered to answer any questions and stated that no Board action was required. Ms. Gates noted that Mr. Iacullo has requested that a comparison to the budget be included in future quarterly financial memorandums.

Ms. Buckley provided background information on the Resolution adopting revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, to become effective July 1, 2017 (regulations found at N.J.A.C. 7:11-4.1 et seq.) and the Resolution adopting revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System, to become effective July 1, 2017 (regulations found at N.J.A.C. 7:11-2.1 et seq.). Concurrently Ms. Buckley provided background information on the Resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2018 (July 1, 2017 - June 30, 2018) and the Resolution approving the Authority's Raritan Basin System Budget for Fiscal Year 2018 (July 1, 2017 - June 30, 2018.) Ms. Gates noted that these four resolutions implement the rate proposals that the Board approved in December, 2016 and that the adoption documents reflect no changes to the proposals. Ms. Buckley stated that the proposed rates were published in the New Jersey Register on January 3, 2017. The adoption will be published in the June 19, 2017 New Jersey Register. In the Raritan System, there is no change in the rate from the initial proposal of \$336.00 per million gallons which is an annual increase of \$83.00 per million gallons from 2017 and results in an annual increase of \$12.12 per household. The increase is largely due to the commencement of the Canal Dredging Project and the Round Valley Round Valley Reservoir Structures Rehabilitation Project. Four members of the public or interested parties attended the pre-public hearing. None attended the public hearing. Three individuals submitted written comments during the comment period and the Authority provided appropriate responses.

Ms. Buckley stated that in the Manasquan System there is no change from the initial proposal. The decrease will therefore be \$61.23 per million gallons for initial customers and \$100.28 per million gallons for delayed customers. The average annual decrease will be \$8.94 for initial customers and \$14.64 for delayed customers. There were no members of the public or interested parties in attendance at the Manasquan pre-public hearing. No one attended the public hearing and no one commented on the proposal.

Ms. Buckley stated that the Board packages include a discussion of the budgets which support these rates. Ms. Buckley indicated that the staff memo includes additional details, pointed out a typographical error, and offered to entertain any questions.

Mr. Picco moved the Resolution adopting revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, to become effective July 1, 2017 (regulations found at N.J.A.C. 7:11-4.1 et seq.). Ms. Blew seconded the motion. All Authority members approved the Resolution.

Mr. Havens moved the Resolution adopting revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System, to become effective July 1, 2017 (regulations found at N.J.A.C. 7:11-4.1 et seq.). Mr. Picco seconded the motion. All Authority members approved the Resolution.

Mr. Picco moved the Resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2018 (July 1, 2017 - June 30, 2018.) Mr. Havens seconded the motion. All Authority members approved the Resolution.

Mr. Havens moved the Resolution approving the Authority's Raritan Basin System Budget for Fiscal Year 2018 (July 1, 2017 - June 30, 2018.) Mr. Picco seconded the motion. All Authority members approved the Resolution.

Ms. Hale provided the background information on the Resolution authorizing the Executive Director to execute an agreement with the New Jersey Department of Environmental Protection for the project "Raritan Basin Agricultural Mini-Grants"; the Resolution authorizing the Executive Director to execute an agreement with the New Jersey Department of Environmental Protection for the project: "Stormwater Basin Retrofits and Water Quality Best Management Practice Projects, Franklin Township, Somerset County - Phase 1"; the Resolution authorizing the Executive Director to execute an agreement with the New Jersey Department of Environmental Protection for the project "Stormwater Basin Retrofits, Franklin Township, Somerset County - Phase 2"; and the Resolution authorizing the Executive Director to execute an agreement with the New Jersey Department of Environmental

Protection for the project "Watershed Restoration Projects in the Mulhockaway Creek Watershed."

Ms. Gates noted that the first two of these grant resolutions represent work that has been ongoing. Because of internal process changes, the New Jersey Department of Environmental protection (the "Department") has asked all grantees to submit new project applications in place of requests for project extensions. Ms. Hale stated that earlier this year the Department issued a request for proposals ("RfP") for water quality restoration projects with a focus on the Raritan Basin as well as on targeted Hydrologic Unit Codes ("HUCs") including those represented by the Franklin Township and the Mulhockaway Creek proposals. Ms. Hale stated that the proposals for the projects "Raritan Basin Agricultural Mini-Grants" and "Stormwater Basin Retrofits and Water quality Best Management Practice Projects," are essentially renewals for ongoing projects and as such are included in the Department's spending plan and are not being reviewed at a competitive level. The additional two proposals for the projects "Stormwater Basin Retrofits, Franklin Township, Somerset County - Phase 2," and "Watershed Restoration Projects in the Mulhockaway Creek Watershed," were submitted as competitive projects. Combined, all four proposals total approximately \$2 million in project work, \$1.6 million of which would be provided by the Department and \$400,000 by the Authority for staff and in-kind project costs from the Source Water Protection Fund. All four of these projects support the implementation of the Total Maximum Daily Load that was adopted for the Raritan Basin as well as supporting water quality within areas of interest to the Authority.

Ms. Gates noted that in reference to the two competitive projects, the Board would not normally be asked to approve a resolution prior to the award of a grant, but due to an accelerated schedule required by the New Jersey Department of Environmental Protection, the contracts will need to be executed soon after any award is made and prior to the next Board meeting. Therefore these resolutions will only become effective if the Authority is awarded such grant contracts.

Ms. Kim provided the opinion that all four grant resolutions could be moved and approved concurrently. Mr. Picco moved the Resolution authorizing the Executive Director to execute an agreement with the New Jersey Department of Environmental Protection for the project "Raritan Basin Agricultural Mini-Grants"; the Resolution authorizing the Executive Director to execute an agreement with the New Jersey Department of Environmental Protection for the project: "Stormwater Basin Retrofits and Water Quality Best Management Practice Projects, Franklin Township, Somerset County - Phase 1"; the Resolution authorizing the Executive Director to execute an agreement with the New Jersey Department of Environmental Protection for the project "Stormwater Basin Retrofits, Franklin Township, Somerset County - Phase 2"; and the Resolution authorizing the Executive Director to execute an agreement with the New Jersey Department of

Environmental Protection for the project "Watershed Restoration Projects in the Mulhockaway Creek Watershed." Mr. Havens seconded the motions. All Authority members approved the Resolutions.

Mr. Brooks provided background information on the Resolution authorizing the Executive Director to execute Amendment Number 7 to Contract WSA-C09012 for Professional Engineering Services required for the Dredging of the Delaware and Raritan Canal from Kingston (Station 1862+00) to Amwell Road (Station 2418+00) in Franklin Township, Somerset County.

Mr. Brooks stated that a contract was executed with Urban Dredging Consultants Joint Venture in 2010 for Engineering Services for the dredging of the Delaware and Raritan Canal from Kingston to Amwell Road in Franklin Township. The original contract was in the amount of \$1,299,000. Six previous amendments have been approved totaling \$910,712. The proposed amendment, number seven, includes increases for several specific elements including the evaluation of dredge material, back-up data, bench scale testing, and negotiations with the beneficial re-use site and alternate disposal locations. Mr. Brooks described the process of bench scale testing. Because of an unanticipated flood hazard permit area requirement, it was also necessary for the consultant to re-design two of the five access areas to the site and perform extensive modeling.

Urban Dredging Consultants Joint Venture provided a fee proposal for the specified additional tasks for a reimbursable cost not to exceed \$52,000, bringing the contract value to a total of \$2,261,712.

Mr. Picco moved the Resolution authorizing the Executive Director to execute Amendment Number 7 to Contract WSA-C09012 for Professional Engineering Services required for the Dredging of the Delaware and Raritan Canal from Kingston (Station 1862+00) to Amwell Road (Station 2418+00) in Franklin Township, Somerset County. Ms. Blew seconded the motion. All Authority members approved of the Resolution.

EXECUTIVE SESSION

There was a need for an Executive Session to discuss contract matters. Deputy Attorney Jung Kim read the statement to go into Executive Session. Mr. Havens moved the motion to go into Executive Session which Mr. Picco seconded. All Authority members approved the motion.

RETURN TO PUBLIC SESSION

Mr. Havens moved the motion that the meeting be placed back into public session. Ms. Blew seconded this motion. All Authority members approved the motion.

Mr. Havens moved the Resolution authorizing execution of a Memorandum of Agreement and Contract with Wyeth Holdings LLC for the

beneficial reuse of Delaware and Raritan Canal Dredge Material. Ms. Blew seconded the motion. All Authority members approved of the Resolution.

PUBLIC COMMENT

Ed Walker introduced himself as a representative of East Brunswick Water Utility. Mr. Walker asked if Hydro-raking would be done in conjunction with the Fluridone application to address Hydrilla in the Canal. Ms. Desko responded that Hydro-raking would only be done in the event that the Fluridone is not successful. Mr. Walker also asked about potential negative effects of the temporary increased level of Fluridone injections. Ms. Gates stated that test levels indicated a rapid dissipation of the chemical and that no negative effects are anticipated.

Mr. Walker also inquired about a New Jersey Spotlight article regarding negotiations between the States of New Jersey and New York for changes to Delaware River water allocations. Ms. Gates stated that the New Jersey Department of Environmental Protection is engaged in these negotiations in respect to drought conditions. The negotiations were discussed.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Consumers - no report
- (d) Audit - Commissioner Picco reported that the Committee met with Mercadien LLP earlier today to review the schedule for the Fiscal Year 2017 audit.
- (e) Public Participation - no report
- (f) Capital Projects - no report
- (g) Insurance - no report
- (h) Watershed Lands Acquisition Committee - no report

ADJOURN

Mr. Picco moved to adjourn the meeting. Ms. Blew seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:49 P.M.

I hereby certify this to be a true and original copy of the June 5, 2017 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman

Michelle Rollman
Executive Secretary II



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Minutes of the Executive Session
New Jersey Water Supply Authority
June 5, 2017

There was a need for an Executive Session to discuss contract matters with Wyeth Holdings LLC for the beneficial reuse of Delaware and Raritan Canal Dredge Material. Deputy Attorney Jung Kim read the statement to go into Executive Session. Mr. Havens moved the motion to go into Executive Session which Mr. Picco seconded. All Authority members approved the motion.

Mr. Brooks provided background information on the Resolution authorizing execution of a Memorandum of Agreement and Contract with Wyeth Holdings LLC for the beneficial reuse of Delaware and Raritan Canal Dredge Material. Mr. Brooks discussed the history of planning for the disposal of the dredge material, the options that were evaluated and the process through which the options were evaluated. Mr. Brooks also discussed the quality of the soil and its potential for re-use. Mr. Brooks stated that in 2012, the consultant presented the potential of working with Wyeth Holdings LLC for the beneficial re-use of the material at the former American Cyanamid Superfund Site located in Bridgewater Township, Somerset County, New Jersey which Wyeth is remediating under the oversight of the United States Environmental Protection Agency and the New Jersey Department of Environmental Protection. Negotiations and discussions with Wyeth Holdings LLC were reviewed. Alternative disposal methods were discussed which will only be required contingent on technical and chemical unsuitability to the beneficial re-use site. The proposed Memorandum of Agreement is subject to final review by the Office of the Attorney General and remains subject to the final quality assurance review of the Environmental Protection Agency.

Permitting issues and questions through both the New Jersey Department of Environmental Protection and the Environmental Protection Agency were discussed.

Mr. Havens moved to go back into the regular Board Meeting. Ms. Blew seconded the motion. All Authority members approved the motion.

I hereby certify this to be a true and original copy of the June 5, 2017 New Jersey Water Supply Authority Executive Session Meeting minutes.

Michelle Rollman

Michelle Rollman
Executive Secretary II