



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

May 6, 2019

A regular meeting of the New Jersey Water Supply Authority was convened on May 6, 2019 at 2:04 P.M. in the Conference Room of the New Jersey Water Supply Authority's Administration Building located at 1851 Highway 31, Clinton, New Jersey.

As designated by Catherine McCabe, Commissioner New Jersey Department of Environmental Protection and Chair New Jersey Water Supply Authority, Jeffrey Hoffman, State Geologist, Division of Water Supply and Geoscience, served as Acting Chair of the meeting and called the meeting to order.

Deputy Attorney General Kathrine Hunt read the statement required by the "Open Public Meetings Act".

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

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

Absent: Robert Iacullo

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Oleg Kostin, New Jersey American Water
Dan Losik, East Brunswick Water Supply
Robert Barth, D&R Canal Watch
Judy Detrano, Resident of Lambertville

Authority Staff Present:

Beth Gates, Executive Director
Susan Buckley, Director Finance & Administration
Julie Shelley, Property & Permit Administrator
Marc Brooks, Chief Engineer
Dorota Neulinger, Principal Accountant
Kenneth Klipstein, Director Watershed Protection Programs
Michelle Rollman, Finance and Accounting Analyst
Kathrine Hunt, Deputy Attorney General
Lauren LaRusso, Associate Counsel, Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Hoffman opened the meeting by asking for the approval of the minutes of the April 1, 2019 meeting. Mr. Havens moved for the approval of the minutes as prepared and this motion was seconded by Ms. Blew. The minutes of the April 1, 2019 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Ms. Gates noted that everyone has a copy of her report.

Ms. Gates welcomed Deputy Attorney General Kathrine Hunt.

Ms. Gates thanked those Commissioners who filed their annual financial disclosure statements, which are required by Executive Order No. 10 and must be filed before May 15, 2019.

COMMUNICATIONS/CORRESPONDENCE

Ms. Gates noted a news article from the New Hope Free Press included in the Board package.

UNFINISHED BUSINESS

Mr. Brooks provided a report on the Water Treatment Plant and the Manasquan Reservoir System. Mr. Brooks stated that everyone has a copy of Mr. McKeon's report. Mr. Brooks stated that the Manasquan reservoir has been at or near full all month.

Mr. Brooks stated that over the last month maintenance work has been done on the ozone system and the coagulant chemical tank interior was inspected. Mr. Brooks noted that there was an unplanned power outage due to wind that required the generator to run. It did so without incident.

Mr. Brooks reported on the Raritan Basin System. Mr. Brooks stated that everyone has a copy of his report. Mr. Brooks noted that the Spruce Run Reservoir is currently spilling at elevation 273.40 which is 102.0 percent of capacity. Round Valley is at elevation 375.56 or 87.4 percent of capacity. The combined

reservoir capacity is now at 89.8 percent while the typical combined level for this date is 94.3 percent.

Mr. Brooks reported on Canal operations. Mr. Brooks stated that dredges were installed into the Canal last week and that dredging began on Saturday, May 4, in Reach 3 with two dredges. When Reach 3 is completed, both dredges will be moved to Reach 5. Mr. Brooks anticipates that Reach 5 will be completed this season, by October 31.

Mr. Brooks reported on the Round Valley Reservoir Dams Rehabilitation and Resource Preservation Project. Mr. Brooks stated that the notice to proceed was issued for the Round Valley grouting project. Mr. Brooks discussed the mobilization of drill rigs scheduled for the beginning of June. Mr. Brooks stated that bids were received for dredging the channel near the South Dam Tower. The Authority is targeting a fall start for the major embankment rehabilitation, which would include mobilization, site preparation and dewatering. Major construction work is scheduled to take place next spring starting at the Dike.

Mr. Brooks stated that one Change Order is summarized in his written report and offered to answer any questions.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report. Mr. Klipstein stated that the Authority has finalized a partnership agreement with Monmouth County Park Commission to establish a boat inspection program to prevent the spread of hydrilla and other aquatic invasive species. Mr. Klipstein discussed the details of that program.

In response to a question from Mr. Hoffman, Mr. Klipstein stated that there is an increase in interest for the Rain Barrel Rebate Program and that he anticipates approximately a dozen rebates to be issued this year.

NEW BUSINESS

Pursuant to Executive Order 122, Audit Committee Chairman, Mr. Picco, provided the background information on the resolution accepting the audit prepared by Mercadien, P.C. Certified Public Accountants, for the year ended June 30, 2018. Mr. Picco stated that the Audit Committee met with the Auditors on May 6. Mr. Picco noted that there are no matters regarding the internal control structure or operating efficiency of the Authority which the Auditors believe should be brought to the attention of the members of the Authority. The Independent Auditor's Report will indicate an unqualified or clean opinion.

Mr. Havens moved the Resolution accepting the audit prepared by Mercadien, P.C., Certified Public Accountants, for the year

ended June 30, 2018 and authorizing that the final report be posted on the Authority's website and distributed to all interested parties. Mr. Picco seconded this motion. All Authority members approved the resolution.

Ms. Buckley provided a report on Unaudited Financial Statements Three Months Ending September 30, 2018. Ms. Buckley stated that the September 2018 Unaudited Financial statements are available for review on the Authority's website. The financials were completed in April of 2019 following the release of the State of New Jersey OPEB report. Ms. Buckley stated that the change in net position for the period was \$2.7 million. Operating income is on track with the same period last year. Operating income is \$613 thousand over budget. Board action is not required.

Ms. Buckley provided a report on Unaudited Financial Statements for Six Months Ending December 31, 2018. Ms. Buckley stated that the December 2018 Unaudited Financial statements are available for review on the Authority's website. The financials were also completed in April of 2019 following release of State of NJ OPEB report. Ms. Buckley stated that the change in net position for the period was \$5.2 million versus \$4.7 million for the same period last year. The increase is largely due to an increase in investment income related to a change in bank accounts which is yielding increased interest earnings. Operating income and net income was on track with the same period last year. Operating income is \$975 thousand over budget. Board action is not required.

Ms. Buckley provided the background information on the resolution approving the Annual Report of the New Jersey Water Supply Authority for 2018. Ms. Buckley stated that everyone has a copy of the Authority's Annual Report for fiscal year 2018. Authority statute and Executive Order 37 require that the Authority issue an Annual Report which must be issued by the last day in February. Due to the delay in the release of the state's OPEB report, the Authority's financial statements and annual report were not completed until April 2019. Ms. Buckley stated that the report must include several items, which include a report and review of operations and actions of the Authority, audited financial statements, discussion of internal financial controls, efficiencies, and tie-in to the State's economic growth. All of the required items have been included in the Annual Report.

Mr. Havens moved the resolution approving the 2018 Annual Report of the New Jersey Water Supply Authority and authorizing the Executive Director to post the 2018 Annual Report on the Authority's website. Ms. Blew seconded this motion. All Authority members approved the resolution.

Ms. Buckley provided the 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, 2019 (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, 2019 (regulations found at N.J.A.C. 7:11-2.1 et seq.) Ms. Buckley stated that the Board authorized the rate proposals for both systems at the November 5, 2018 Board meeting. The rate proposals were published in local newspapers during December, 2018 and published in the New Jersey Register on January 7, 2019. Proposed.Rules@gov has approved the rates. It is anticipated that the adoptions will be published in the June 17, 2019 New Jersey Register.

Ms. Buckley stated that in the Raritan System, there is no change in the rate from the initial proposal of \$336.00/mg and no change from Fiscal Year 2019. There were three attendees at the pre-public hearing, all representing NJ American, and no attendees at the public hearing. One individual submitted a written comment during the comment period.

Ms. Buckley stated that in the Manasquan System there is no change from the initial proposal and no change in rates from FY19. The rates will therefore be \$1,043.35/mg for initial customers and \$1,137.76/mg for delayed customers. There were no members of the public or interested parties in attendance at the MRS pre-public or public hearings. There were no written comments submitted. Detailed Hearing Officer's reports are available on the Authority website.

Ms. Blew 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, 2019 (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. 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, 2019 (regulations found at N.J.A.C. 7:11-4.1 et seq.). Mr. Picco seconded the motion. All Authority members approved the resolution.

Ms. Buckley provided the background information on the resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2020 (July 1, 2019 - June 30, 2020) and the resolution approving the Authority's Raritan Basin System Budget for Fiscal Year 2020 (July 1, 2019 - June 30, 2020). Ms. Buckley stated that in addition to the budget document, the Board packages include a detailed discussion of the Raritan and Manasquan budgets which support the rates. Budgets are at or near the budget levels for Fiscal Year 2019. In general, increases in salary and fringe related to contractual increases are offset by decreases in insurance costs. Ms. Buckley stated that in both systems, prior

year fund balances are being used to stabilize rates. Ms. Buckley offered to answer any questions.

Ms. Blew moved the resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2020 (July 1, 2019 - June 30, 2020). Mr. Picco 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 2020 (July 1, 2019 - June 30, 2020). Ms. Blew seconded the motion. All Authority members approved the resolution.

Ms. Buckley provided the background information on the resolution accepting the Collective Bargaining Agreement between the State of New Jersey and the Communications Workers of America ("CWA") for the period July 1, 2019 through June 30, 2023. Ms. Buckley noted that the Authority Board, as a matter of policy, has historically voted to accept the negotiated and union ratified labor contracts. The State of New Jersey and the CWA, which covers clerical and professional titles at the Authority, recently negotiated a four year contract covering the period of July 1, 2019 to June 30, 2023. Significant provisions include four (two percent) wage increases and a new union PPO which will replace NJDirect plans but still be administered by Horizon and include the same network of doctors.

Mr. Havens moved the resolution accepting the agreement between the State of New Jersey and the Communications Workers of America. Mr. Picco seconded this motion. All Authority members approved the resolution.

Ms. Buckley provided the background information on the Resolution authorizing the Executive Director to negotiate and execute a contract with Roxiticus Golf Club for renewal of uninterruptible service from the Raritan Basin System. Ms. Buckley stated that this is a straight contract renewal for Roxiticus Golf Club. Ms. Buckley stated that Roxiticus golf Club has a 0.06 mgd contract (of which 0.046mgd is consumptive) with the Authority that will expire on June 30, 2019. The applicant has requested a ten year renewal of the contract, beginning July 1, 2019. The Authority has confirmed that the DEP will renew the Water Allocation Permit with no change in terms and conditions. The public hearing was waived after no responses or objections were received from any party.

Mr. Picco moved the resolution authorizing the Executive Director to negotiate and execute a contract with Roxiticus Golf Club for renewal of uninterruptible service from the Raritan Basin System. Ms. Blew seconded the motion. All Authority members approved the Resolution.

Mr. Brooks provided the background information on the resolution authorizing the award of construction contract WSA-B19015 for Sediment Relocation for Maintenance of the South Tower Intake Channel, a component of the Round Valley Reservoir Structures Refurbishment and Resource Preservation Project in Clinton Township, Hunterdon County. Mr. Brooks stated that the channel that leads to the South Dam tower is in need of dredging. Currently sediment is interfering with some of the equipment operations at the lower reservoir levels. The Authority received authorization to advertise February 7 and Bids were advertised March 8. Eight bidders attended the mandatory prebid meeting. One addendum was issued on March 28 and the Authority received two bids on April 11 in the amounts of \$885,931 and \$1.445 million. The engineer's estimate was \$710,000. Staff recommends the award of a construction contract to the lowest responsive bidder, Mount Construction of Berlin, NJ.

Mr. Havens moved the Resolution authorizing the award of a construction contract to Mount Construction of Berlin, NJ for sediment relocation for maintenance of the South Tower Intake Channel at the Round Valley Reservoir in Clinton Township, Hunterdon County for a lump sum and unit price cost of \$885,931. Ms. Blew seconded this motion. All Authority members approved the Resolution.

Mr. Klipstein provided the background information on the Resolution accepting a donation for a project to improve the water quality of the Delaware and Raritan Canal. Mr. Klipstein stated that the D&R Canal Commission ("DRCC") granted a waiver to Grace Hill Properties, LLC for a 2014 building expansion and a 2017/2018 parking lot expansion which resulted in stream corridor intrusions which could not be mitigated onsite. Mr. Klipstein stated that the proposed resolution authorizes the acceptance of \$50,000 in mitigation dollars from Grace Hill Properties, LLC to use for a water quality improvement project providing for the remediation of the failed septic system at the Port Mercer Canal House, as specified by the DRCC. The resolution further allows the Authority to use an additional \$20,000 received from the DRCC in 2002 for unspecified water quality projects, for the septic system rehabilitation. Finally, the resolution authorizes the Authority to enter into a targeted donation or other appropriate agreement with NJDEP for the Authority to provide NJDEP \$70,000 for the design and replacement of the on-site septic system at the Port Mercer Canal House. The agreement would set limits on the duration of the project and require return of the funds if the project is not implemented. Additionally, fund balances would be returned to the Authority if project costs are less than \$70,000. In response to a question from Mr. Hoffman, Ms. Gates stated that the DEP is committed to the project and will provide additional funding if costs exceed \$70,000. In response to a question from Mr. Havens, Mr. Klipstein discussed the location of the mitigation project.

Ms. Blew moved the Resolution accepting a donation for a project to improve the water quality of the Delaware and Raritan Canal. Mr. Picco seconded this motion. All Authority members approved the Resolution.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Audit - Mr. Picco provided a report under the resolution accepting the audit prepared by Mercadien, P.C. Certified Public Accountants, for the year ended June 30, 2018.
- (d) Public Participation - no report
- (e) Capital Projects - no report
- (f) Insurance - no report
- (g) Watershed Lands Acquisition Committee - no report

PUBLIC COMMENT

Mr. Robert Barth introduced himself as a representative of the D&R Canal Watch. Mr. Barth stated that the D&R Canal Watch has many activities scheduled including their annual meeting, a bicycle ride, and several hikes. Mr. Barth highlighted a canal boat dinner cruise on Saturday, May 18. The event is a fund-raiser to restore the bridgetender's station in East Millstone. A listing was provided to all in attendance and can be found on their website, www.canalwatch.org. Mr. Barth invited everyone to attend.

Ms. Judy Detrano introduced herself as a resident of Lambertville, New Jersey. In response to questions by Ms. Detrano, Ms. Gates stated that routine maintenance activities are not regularly reported to the Authority Board.

EXECUTIVE SESSION

Deputy Attorney General Kathrine Hunt read the statement to go into Executive Session. Mr. Havens moved the motion to go into Executive Session which Ms. Blew 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. Dr. Hsueh seconded this motion. All Authority members approved the motion.

Mr. Havens moved the resolution authorizing negotiation and execution of a contract to purchase a fee simple interest in a 68+ acre critical watershed parcel in Franklin Township, Hunterdon County. Dr. Hseuh seconded this motion. Ms. Blew recused herself and all other Authority members approved the resolution.

Mr. Havens moved to adjourn the meeting. Ms. Blew seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:56 P.M.

I hereby certify this to be a true and original copy of the May 6, 2019 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman
Michelle Rollman
Finance and Accounting Analyst



NEW JERSEY WATER SUPPLY AUTHORITY

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

Minutes of the Executive Session
New Jersey Water Supply Authority
May 6, 2019

There was a need for an Executive Session to discuss a matter of acquisition of real property and pending or anticipated litigation or contract negotiations. Deputy Attorney General Kathrine Hunt read the statement to go into Executive Session. Mr. Havens moved the motion to go into Executive Session which Ms. Blew seconded. All Authority members approved the motion.

Ms. Shelley provided the background information on the Resolution authorizing negotiation and execution of a contract to purchase a fee simple interest in a 68+ acre critical watershed parcel in Franklin Township, Hunterdon County. Ms. Shelley stated that the property is 99.99 percent covered by at least one Sensitive Water Resource criterion, including critical habitat and riparian area. Ms. Shelley discussed the location of the property and its relevance to Authority operational and ecological problems. Maps and photographs were distributed. Ms. Shelley discussed project partners and answered questions from the Board.

Marc Brooks brought to the attention of the Board certain discussions with a landowner who has property encroaching on Authority property. The Board discussed the location and issues and agreed to continued due diligence in the matter.

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

I hereby certify this to be a true and original copy of the May 6, 2019 New Jersey Water Supply Authority Executive Session Meeting minutes.

Michelle Rollman

Michelle Rollman
Finance & Accounting Analyst