



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. BOX 5196 • CLINTON, N.J. 08809 • (908) 638-6121 • (908) 638-5961 (FAX)

Minutes of the Meeting of the New Jersey Water Supply Authority

December 7, 2015

A regular meeting of the New Jersey Water Supply Authority was convened on December 7, 2015 at 2:00 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, Daniel M. Kennedy, Assistant Commissioner - Water Resource Management, served as Acting Chair of the meeting and called the meeting to order.

Senior Deputy Attorney General Helene Chudzik read the statement required by the "Open Public Meetings Act". Executive Director Henry Patterson took the roll call of the Authority members.

Present: Daniel M. Kennedy, Acting Chair
Susan Blew
Ellsworth Havens
Shing-Fu Hsueh - absent
Robert Iacullo
Louis Mai
Steven Picco - by phone

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Oleg Kostin, New Jersey American Water
Frank Falco, Middlesex Water and East Brunswick
Edwin G. Walker, East Brunswick Township
Dave Shope, Self

Authority Staff Present:

Henry Patterson, Executive Director
Zenona I. Puć, Executive Secretary II
Beth Gates, Director Finance and Administration
Susan Buckley, Controller
Marc Brooks, Chief Engineer
Paul McKeon, Manager Manasquan Water Supply System/D&R Canal
Kenneth Klipstein, Director of Watershed Protection
Rita Shaw, Supervisor Financial Services

Alexander Michalchuk, Senior Project Engineer
Helene Chudzik, Senior Deputy Attorney General
Lisa R. LeBoeuf, Governor's Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Kennedy asked for a motion for approval of the Minutes of the November 2, 2015 meeting. Mr. Havens moved the motion approving the Minutes as prepared and the motion was seconded by Mr. Mai.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated that everyone has a copy of his report.

Slightly improved rainfall has resulted in some improvement in reservoir levels for both the Raritan and Manasquan Systems. As of today's date, Spruce Run is at 43 percent of capacity, Round Valley is at 80 percent of capacity and Manasquan is at 71 percent of capacity.

On September 23, the New Jersey Department of Environmental Protection issued a drought watch for New Jersey's Northeast, Central, and Coastal North water supply regions, urging residents in the affected areas to voluntarily conserve water and for the rest of the state to practice wise water use due to continued dry weather and above-average temperatures.

Mr. Patterson reported that the Authority has received its proportionate share of PERS' unfunded liability from the State of New Jersey, and our FY20 is completed. Audit Chair Commissioner Picco will report under "New Business".

COMMUNICATIONS/CORRESPONDENCE

Mr. Patterson stated that there was no communications or correspondence received.

UNFINISHED BUSINESS

Mr. McKeon stated that everyone has a copy of his report. Mr. McKeon stated that rainfall in November has been above average. Mr. McKeon stated that the elevation of the Manasquan Reservoir is at 68.42 percent of capacity.

Mr. McKeon stated that staff will be replacing air release on the pipeline between the reservoir and the pump station. Mr. McKeon stated that Authority engineering staff will be conducting a five-year inspection of the 66-inch pipeline this week. Mr. McKeon stated that operations at the Manasquan facilities are going well and that staff continues working on the various projects

Mr. Brooks stated that November was another dry month. Mr. Brooks stated that Spruce Run is at 43 percent of capacity and Round valley is at 80 percent of capacity.

Mr. Brooks stated that dredging operations at the Canal in Lawrence Township has been completed. Mr. Brooks stated that the pinhole leak that was discovered at the release pipeline inside the Spruce Run vault, consultants have mobilized and are beginning by creating a model that determines cavitation. Mr. Brooks stated that a schedule has been created and construction drawings will be prepared by early January 2016. Mr. Brooks stated that he had nothing new to report from the last meeting on the RV Technical Review Board.

Mr. Brooks stated that only punch-list items are pending on the rehabilitation work of the Canal Field Office. Mr. Brooks stated that the permits for the Cherry Tree Lane Spillway have been submitted.

Mr. Brooks discussed two Change Orders under \$25,000 that do not require Board approval. Mr. Brooks stated that Commissioner Havens provided approval on these Change Orders. Mr. Brooks stated that the Change Orders were for: 1) Geosystems - Mr. Donald Bruce of Geosystems' original contract was for a reimbursable amount not to exceed amount of \$21,653.00. Mr. Brooks stated that Geosystems submitted a fee proposal in the amount of \$13,963.93 for additional time spent at the Technical Review Board (TRB) and for future consultation that may arise in regard to their reports that came out of the TRB; 2) Scozzari Builders for the Rehabilitation of the Canal Field Office is a Credit Change Order in the amount of \$1,006.48 for commercial carpet cleaning services contracted by the Authority for an unacceptable situation that was created by the contractor inside the building.

Mr. Klipstein stated that everyone has a copy of his report and that he had nothing else to add to his report.

NEW BUSINESS

Executive Director Patterson discussed the Resolution for the 2016 Authority Meeting dates, times and locations. Mr. Mai moved the Resolution establishing the dates, times and locations for the Authority meetings scheduled in 2016. Mr. Iacullo seconded this resolution. All Authority members approved the resolution.

Ms. Gates presented an overview of the proposed rates for both the Manasquan Reservoir System and the Raritan Basin System that would become effective July 1, 2016.

RARITAN BASIN SYSTEM - Ms. Gates reviewed revenue and expenses for the proposed FY2017 Raritan Basin System budget and informed the Board that the sales base remains at 182.339 million gallons per

day (mgd). Ms. Gates stated that there is no increase in the rate proposal for FY2017, the rate will remain at \$171.00 mgd; no change in the Debt Service Rate Component of \$25.00 mgd in FY2017; no change in the Source Water Protection Fund Component of \$25.00 mgd in FY2017; and no change in the Capital Fund Component of \$33.00 mgd in FY2017. Ms. Gates stated that the rate for FY2017 will remain at \$253.00 mgd for FY2017.

MANASQUAN WATER SUPPLY SYSTEM - Ms. Gates reviewed revenue and expenses for the proposed FY2017 Manasquan Reservoir System budget and informed the Board that the proposed total rate for the initial water users is \$1,137.76 per million gallons and the proposed total rate for the delayed water users is \$1,240.96.

Mr. Mai moved the Resolutions authorizing publication of the Authority's proposed Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin and the Manasquan Reservoir Systems. Mr. Havens seconded the motion. All Authority members approved the Resolutions.

Commissioner Picco provided the background information on the Resolution accepting the Audit prepared by CliftonLarsonAllen, LLP, Certified Public Accountants, for the year ended June 30, 2015. Commissioner Picco stated that the Audit Committee usually meets in October of each year to recommend that the Board adopt the Audit Report for the prior fiscal year. Commissioner Picco stated that the Audit Committee Meeting was held on December 7, 2015 with CliftonLarsonAllen. Commissioner Picco stated that the Audit prepared by CliftonLarsonAllen for the year ending June 30, 2015 was reviewed and discussed. The Authority received a clean opinion and is in compliance with Executive Order 122. The Audit Committee is recommending that the Audit Report and the Schedule of Federal and State Awards be accepted by the Board and be distributed to appropriate parties. Commissioner Picco moved the Resolution accepting the Audit prepared by CliftonLarsonAllen, LLP, Certified Public Accountants, for the year ended June 30, 2015. Ms. Blew seconded this motion. All other Authority members approved the resolution.

Ms. Buckley provided the background information on the Resolution approving the Annual Report of the New Jersey Water Supply Authority for Calendar Year 2015 as required by Executive Order 37. Ms. Buckley stated that included with the packet is a Resolution for the Board's approval. Ms. Buckley stated that the specific requirements of Executive Order 37 relative to the Authority's 2015 Annual Report are all included in the 2015 Annual Report. Ms. Buckley stated that in accordance with law a letter will be sent to the Governor's Office and the Legislature that the Authority's Annual Report will be available on the Authority's website at www.njwsa.org. The State Library will be sent six (6) copies of the Annual Report. Ms. Blew moved the Resolution approving the Annual Report of the New Jersey Water Supply

Authority for 2015. Mr. Iacullo seconded the motion for the Resolution. All Authority members approved the Resolution.

Ms. Gates provided the background information on the resolution ratifying the terms of agreement concerning New Jersey Consolidated Energy Supply Program (NJCESP) aggregation and purchase of electric power for the period of December 2015 through December 2018. Ms. Gates stated that the Authority adopted Resolution No. 2174 dated August 3, 2015 authorizing the Authority to participate in the NJCESP, a cooperative purchasing program and consolidated contract offered through the State Department of Treasury, Division of Purchase and Property. Ms. Gates stated that the program is in compliance with the New Jersey Discount and Energy Competition Act (EDECA).

Ms. Gates stated that bids for Aggregated Electricity Supply Service were received on October 9, 2015 by the State of New Jersey. On November 12, 2015, Treasury awarded 36 month term contracts for each Authority location. Ms. Gates stated that the three year program that NJCESP was operating under expired in June 2015. NJCESP requested and the power providers granted a six month extension. Ms. Gates explained that during the six month extension through December 2015, the Direct Energy GT tariff rate is being reduced from \$.0779 kWh to \$.0725 kWh. Ms. Gates stated that a contract was awarded to Champion Energy Services, LLC of Houston, TX. for the bulk of Authority power consumption. Mr. Havens said that based on prior use what would the impact be. Ms. Gates responded to Mr. Havens' question accordingly. Mr. Iacullo moved the resolution concerning participation in the New Jersey Consolidated Energy Supply Program (NJCESP) aggregation and purchase of electric power. Mr. Mai seconded the motion. All Authority members approved the resolution.

Mr. Brooks provided the background information on the Resolution authorizing the Executive Director to Amend (Amendment No. 1) Contract WSA-C13007 for Professional Engineering Services required for the Reconstruction of Various Sections of the Embankment on the Canal between Raven Rock Lock and Prallsville Lock, Delaware Township, Hunterdon County. Mr. Brooks stated that by Resolution 2111 dated July 1, 2013, the Authority entered into a contract with GZA GeoEnvironmental, Inc. (GZA) for Professional Engineering Services to investigate and design the Reconstruction of Various sections of the embankment n the Canal between Raven Rock Lock and Prallsville Lock, in Delaware Township, Hunterdon County. Mr. Brooks stated that there is a need to broaden the scope of the design for the repair work of the embankment. Mr. Brooks stated that Authority staff reviewed GZA's fee proposal and recommends that the contract with GZA GeoEnvironmental, Inc. of Norwood, Massachusetts be increased by a reimbursable cost not to exceed amount of \$70,655.

Ms. Blew moved the Resolution authorizing the Executive Director to Amend (Amendment No. 1) Contract WSA-C13007 for Professional Engineering Services required for the Reconstruction of Various Sections of the Embankment on the Canal between Raven Rock Lock and Prallsville Lock, Delaware Township, Hunterdon County be increased by a reimbursable cost not to exceed amount of \$70,655, bringing the new contract total to a reimbursable cost not to exceed amount of \$250,435.00. Mr. Mai seconded the motion for the Resolution. All Authority members approved the Resolution.

Mr. Brooks provided the background information on the Resolution ratifying the actions of the Executive Director to award a contract for emergency procurement of Professional Engineering Services required for the Emergency Repair of the Spruce Run Vault Steel Discharge Piping, WSA R-16020. Mr. Brooks stated that a pinhole leak was discovered in the valve vault release piping at Spruce Run Reservoir. Mr. Brooks stated that Authority staff has taken the west pipeline and 12-inch release capabilities on the east pipeline out of service effectively reducing the release capabilities at the Spruce Run Release structure to 35 percent of capacity. Mr. Brooks stated that full capacity of the release structure is desired and necessary to be restored before spring of 2016. Mr. Brooks stated that standard procurement would delay repairs to the pipe, therefore, a written approval to proceed with the procurement has been provided by the Capital Project Committee and the Acting Chair of the Authority.

Mr. Brooks stated that the Authority staff prepared and requested technical and fee proposals from three pre-qualified professional engineering firms to design and provide construction management for the emergency repair. Mr. Brooks stated that proposals were received and evaluated by Authority staff on November 6, 2015. Mr. Brooks stated that Authority staff recommends that a contract be awarded to Gannett Fleming of South Plainfield, NJ in the amount of \$77,880.00. Mr. Havens moved the Resolution ratifying the actions of the Executive Director to award a contract for emergency procurement of Professional Engineering Services required for the Emergency Repair of the Spruce Run Vault Steel Discharge Piping, WSA R-16020. Mr. Mai seconded the motion for the Resolution. All Authority members approved the Resolution.

Mr. McKeon provided the background information on the Resolution authorizing the award of a Purchase Order Agreement for a replacement Crawler Dozer for the Manasquan Water Supply System, Monmouth County. Mr. McKeon stated that the approved Manasquan System 2016 capital budget includes \$115,000 for replacement of a dozer. Mr. McKeon stated that advertisements for bids were published in three newspapers of general circulation and the advertisement was also posted on the Authority's and the State's websites on October 29, 2015. Mr. McKeon stated that bids were received by November 12, 2015 and evaluated by Authority staff. Authority staff recommended that a Purchase Order Agreement for the

replacement of a Crawler Dozer for the Manasquan Water Supply System be issued to Harter Equipment, Inc., of Millstone Township, New Jersey. Mr. Mai moved the Resolution authorizing the Executive Director to enter into a Purchase Order Agreement for the a replacement of a Crawler Dozer for the Manasquan Water Supply System to Harter Equipment, Inc., of Millstone Township, New Jersey for a lump sum cost of \$99,508.87. Mr. Havens 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. Shope had a question on the PER's Unfunded Liability from the State of New Jersey. Ms. Gates answered Mr. Shope's question accordingly.

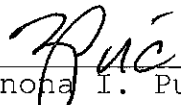
EXECUTIVE SESSION

There was no need for an Executive Session.

ADJOURN

Mr. Havens moved to adjourn the meeting. Mr. Iacullo seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:35 P.M.

I hereby certify this to be a true and original copy of the December 7, 2015 New Jersey Water Supply Authority meeting minutes.



Zenona I. Puć
Executive Secretary II