

Minutes of the Meeting of the
New Jersey Water Supply Authority

June 6, 2016

A regular meeting of the New Jersey Water Supply Authority was convened on June 6, 2016 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, Daniel Kennedy, Assistant Commissioner, 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 Meeting Act".

Executive Director Henry Patterson took the roll call of the Authority members.

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

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Ed Walker, East Brunswick Water

Authority Staff Present:

Henry Patterson, Executive Director
Michelle Rollman, Executive Secretary II
Marc Brooks, Chief Engineer
Paul McKeon, Director Manasquan Water Supply System/D&R Canal
Beth Gates, Director Finance & Administration
Susan Buckley, Controller
Michael Sellar, Facilities Manager, D&R Canal Field Office
Helene Chudzik, Senior Deputy Attorney General
Lisa LeBoeuf, Governor's Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Kennedy asked for the approval of the minutes of the May 2, 2016 meeting. Mr. Picco moved the motion approving the minutes as prepared and the motion was seconded by Dr. Hsueh. The minutes of the May 2, 2016 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated that everyone has his report.

Mr. Patterson discussed recent pumping at Round Valley Reservoir. Mr. Patterson also stated that Mr. Brooks will report on projects and operations.

COMMUNICATIONS/CORRESPONDENCE

Mr. Kennedy stated that there were no items of communications or correspondence in this month's agenda package.

UNFINISHED BUSINESS

Mr. McKeon reported on the Manasquan Reservoir operations. The Manasquan reservoir is approximately 93 percent full. The water quality is very good and everything is going well.

Mr. Brooks reported on the Raritan Basin System operations. Mr. Brooks stated that everyone has his report. The rainfall for May was near average with 4.07 inches compared to an average of 4.05 inches. As of Friday, June 3, 2016 Spruce Run was at 9.63 billion gallons or 87.5 percent of capacity. Round Valley was at 45.68 billion gallons or 83.1 percent of capacity. The combined capacity is at 83.8 percent compared to an average of 95.8 percent for this time of year.

Mr. Brooks stated that through Friday, June 3, 2016 the Authority has pumped 565 million gallons of water to the Round Valley Reservoir. The low river flows have significantly restricted the amount of pumping that the Authority has been able to accomplish. Prior to the current activity, the pumps have not been operated since 2011 and the process has been a good training experience for Authority personnel. The contractor has successfully tested one of the two sets of refurbished pumps and motors, and plans to test the second later this week.

Mr. Brooks reported on the Delaware and Raritan Canal. A sinkhole in the towpath was reported in Franklin Township by a member of the public to the New Jersey State Park Service, which in turn reported it to the Authority. Mr. Brooks stated that the Authority filled the sinkhole. Photographs of the sinkhole were provided to the Board for review. Mr. Brooks stated that staff cleared the river-side and canal-side slopes to facilitate proper inspection. Five areas of seepage were discovered on the toe of the river-side

slope, indicating that piping is occurring and some soil material has eroded from the embankment. The time span over which this issue has occurred is unknown. The piping in this area is of a special concern because it is in the last section of the canal, beyond the last lock where there is no redundancy in the event of a breach. Mr. Brooks stated that the Executive Director certified that emergency conditions met the requirements of Executive Order 37. Civil Dynamics, a local engineering firm with geotechnical expertise, was contacted. Civil Dynamics recommended that repairs be made quickly and prepared designs entailing the driving of a row of steel sheet piling down the centerline of the towpath to the rock foundation. The sheeting will provide a positive cut-off to stop the seepage. Mr. Brooks stated that approval was sought and received from the Capital Improvement Projects Committee, as well as Acting Chair Kennedy, to choose four contractors with known experience in this type of work from which to solicit bids. Three bids were received on Tuesday, May 31, 2016. The low bid of \$68,200 was from Sparwick Contracting in Lafayette, New Jersey. 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 this contract. The contract for the design work by Civil Dynamics was approved by the Chair of the Capital Projects Committee for a reimbursable cost, not to exceed \$21,890.

Mr. Brooks discussed the pinhole leak project in the Spruce Run Vault. It is anticipated that the contractor will reach substantial completion of work by Wednesday or Thursday of this week. Mr. Brooks provided to the Board a photograph of the east side of the completed repair in the vault.

Mr. Brooks discussed the Round Valley Dam Rehabilitation Project. Six proposals have been received from consultants which are currently under review by the review committee.

Mr. Brooks discussed the Rehabilitation of the Cherry Tree Lane Spillway. The contract is being prepared for signature and a July 1, 2016 start dated is anticipated for the project.

Mr. Patterson stated that everyone has a copy of Mr. Klipstein's report for the Watershed Protection Programs Division.

NEW BUSINESS

Mr. Brooks provided background information on the Resolution authorizing Amendment #8 to contract number WSA-C13022 with Gannett Fleming, Inc. to provide further engineering and consulting services during design and construction of the Round Valley Dam rehabilitation. Mr. Brooks stated that Gannett Fleming was originally retained in 2013 to provide formal inspections of Spruce Run and Round Valley Dams and to facilitate the Technical Review Board for Spruce Run Reservoir, with an added amendment to facilitate

the Technical Review Board for the Round Valley Reservoir as well. Mr. Brooks reviewed several recommendations which resulted from the Technical Review Boards and subsequent Amendments to the contract with Gannett Fleming which were approved through either the full Board or the Capital Projects Committee. The Authority is currently soliciting technical proposals seeking professional engineering consultants to be the engineer of record for the large scale rehabilitation of the Round Valley Dams. Staff determined that it would be inappropriate for Gannett Fleming to submit a bid for these services due to an inherent advantage. Mr. Brooks stated that it is however important, for the sake of continuity, to maintain their presence during the entire design process. The Authority requested that Gannett Fleming provide a proposal to act as an "Owner's Engineer" for the duration of the design and construction. A scope of services and fee proposal was provided to outline their continued involvement for a reimbursable cost not to exceed \$502,788, bringing the contract value to a total of \$2,443,755.60. Mr. Iacullo moved the Resolution authorizing Amendment #8 to contract number WSA-C13022 with Gannett Fleming, Inc. to provide further engineering and consulting services during design and construction of the Round Valley Dam rehabilitation. Mr. Picco seconded the motion. All Authority members approved of the Resolution.

Mr. McKeon provided background information on the Resolution authorizing the award of a contract for Distribution System Pumping Improvements at the Manasquan Water Treatment Plant, Allenwood, Monmouth County. Mr. McKeon stated that there is an asset management program and capital improvement program at the Water Supply Treatment Plant which includes a project to replace some piping, certain mechanical equipment and to add a variable frequency drive to better control the speed of the motor and flow of the water. Five bids were received in response to the Authority advertisement to solicit bids for the project. The low bid was from Valiant Power Group, LLC. of Branchburg, NJ in the amount of \$69,650.00. Dr. Hsueh moved the Resolution authorizing the award of a contract for Distribution System Pumping Improvements at the Manasquan Water Treatment Plant, Allenwood, Monmouth County. Mr. Picco seconded the motion. All Authority members approved of the Resolution.

Mr. McKeon provided background information on the Resolution authorizing the Executive Director to enter into a contract for the purchase of an 850KVA Variable Frequency Drive ("VFD") with related electrical improvements for the Manasquan Water System, Allenwood, Monmouth County. Mr. McKeon described the size, use and location of the Variable Frequency Drive in need of replacement. Mr. McKeon stated that the Board previously authorized the Executive Director to contract for the replacement and installation of the drive on March 7, 2016 through Resolution Number 2225. The Authority subsequently determined that cancellation of the procurement was necessary because of an error in the specifications. Specifically, the Authority specifications listed two manufacturers as pre-approved to provide the drives. One of the manufacturer's that was listed as pre-

approved could not actually provide a drive that met a secondary condition of the specifications. Specifically, Siemens Electric, one of the pre-approved manufacturers could not provide an "oil-filled, non-electrolytic drive," which was required by the specifications. Oil-filled, non-electrolytic drives will provide a longer service life for the VFDs. The Authority cancelled all bids and re-advertised with a revised technical specification that included the "oil-filled only" requirement along with warranty requirements more favorable to the Authority. The Authority received one bid for the revised scope of services from Longo Electric, Inc. of Wharton, NJ in the amount of \$214,384.00. Mr. Iacullo moved the Resolution authorizing the Executive Director to enter into a contract for the purchase of an 850KVA Variable Frequency Drive with related electrical improvements for the Manasquan Water System, Allenwood, Monmouth County. Mr. Picco seconded the motion. All Authority members approved of the Resolution.

Mr. McKeon provided background information on the Resolution authorizing the Executive Director to enter into a contract for upgrades to the fuel dispensing and inventory control system at the Manasquan Water Supply System, Allenwood, Monmouth County. Mr. McKeon stated that there is an asset management program in place for the Manasquan Reservoir system. Planned Capital Improvements for Fiscal Years 2012 - 2016 identified that there is a need to replace the two fuel pumps and the fuel volume monitoring system for two underground fuel tanks at the facility. Four bids were received on April 21, 2016. The low bid was from Independence Constructors, Inc. of Bernardsville, NJ in the amount of \$69,000.00. Ms. Blew moved the Resolution authorizing the Executive Director to enter into a contract for upgrades to the fuel dispensing and inventory control system at the Manasquan Water Supply System, Allenwood, Monmouth County. Mr. Picco seconded the motion. All Authority members approved of the Resolution.

Mr. McKeon provided background information on the Resolution authorizing the award of a Purchase Order Agreement for the underwater Hydro-weed raking of 11.3 acres of bottom surface of the Delaware and Raritan Canal along two stretches of canal that total 9.3 miles in length in Mercer County. Mr. McKeon stated that during the summer months, in the area from Washington's Crossing through Trenton, there are hydraulic issues wherein aquatic vegetation inhibits the flow of water through the canal. Staff recommends Hydro-weed raking a ten-foot wide swath of the canal through two sections totaling 9.3 miles in length. Two bids were received on May 18, 2016. The low bid was from Allied Biological/Solitude Lake Management Inc. in the amount of \$61,249.00. Mr. Picco moved the Resolution authorizing the award of a Purchase Order Agreement for the underwater Hydro-weed raking of 11.3 acres of bottom surface of the Delaware and Raritan Canal along two stretches of canal that total 9.3 miles in length in Mercer County. Dr. Hsueh seconded the motion. All Authority members approved of the Resolution.

Ms. Gates 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, 2016 (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, 2016 (regulations found at N.J.A.C. 7:11-2.1 et seq.) Ms. Gates stated that the proposed rates were published in the New Jersey Register on January 4, 2016. The adoption will be published in the June 20, 2016 New Jersey Register. In the Raritan System, there is no change in the rate from the initial proposal of \$253 per million gallons which is no increase from 2016. No members of the public or interested parties attended the pre-public hearing. One individual attended the public hearing but did not provide testimony. Only one public comment was received on the proposal which was in general opposition to any rate increase.

Ms. Gates stated that in the Manasquan System there is a change from the initial proposal. The rate increase for debt service for the 2005 Bonds will not be adopted because of the savings from the bond refunding which closed on May 12, 2016. The proposed increase will therefore be \$47.18 for both initial and delayed customers, whereas the proposal was for an increase of \$80.36 for initial customers and \$50.10 for delayed customers. The adopted increase will result in a \$6.88 per household, per year increase in the cost of untreated water. No members of the public or interested parties attended the Manasquan pre-public hearing. No one attended the public hearing and no one commented on the proposal.

Ms. Gates introduced the Resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2017 (July 1, 2016 - June 30, 2017) and the Resolution approving the Authority's Raritan Basin System Budget for Fiscal Year 2017 (July 1, 2016 - June 30, 2017) as integrally related to the adoption of the rates. Ms. Gates indicated that the Manasquan budget does reflect the reduction in debt service. Ms. Gates indicated that the staff memo includes additional details 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, 2016 (regulations found at N.J.A.C. 7:11-4.1 et seq.). Mr. Iacullo seconded the motion. All Authority members approved the Resolution.

Dr. Hsueh 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, 2016 (regulations found at N.J.A.C. 7:11-2.1 et seq.) Mr. Picco seconded the motion. All Authority members approved the Resolution.

Mr. Kennedy conferred with Senior Deputy Attorney General Chudzik regarding the propriety of both budget resolutions being approved under one motion. Ms. Chudzik stated that this was acceptable. Mr. Picco moved the Resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2017 (July 1, 2016 - June 30, 2017) and the Resolution approving the Authority's Raritan Basin System Budget for Fiscal Year 2017 (July 1, 2016 - June 30, 2017). Mr. Iacullo seconded this motion. All Authority members approved the Resolutions.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Consumers - no report
- (d) Audit - Commissioner Picco reported that the Committee met with CliftonLarsonAllen LLP earlier today to review the schedule for the Fiscal Year 2016 audit. Providing the timely availability of pension information this year, the final report should be completed for the October Board meeting.
- (e) Public Participation - no report
- (f) Capital Projects - no report
- (g) Insurance - no report
- (h) Watershed Lands Acquisition Committee - no report

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no need for an Executive Session.

Mr. Picco moved to adjourn the meeting. Mr. Iacullo seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:29 P.M.

I hereby certify this to be a true and original copy of the June 6, 2016 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman

Michelle Rollman
Executive Secretary II