



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 August 5, 2019

A regular meeting of the New Jersey Water Supply Authority was convened on August 5, 2019 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Manasquan Water Supply System Administration Building located on Hospital Road, Wall, New Jersey.

As designated by Catherine R. 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 Meeting Act".

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

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

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Oleg Kostin, New Jersey American Water

Authority Staff Present:

Beth Gates, Executive Director
Marc Brooks, Chief Engineer - by phone
Paul McKeon, Director Manasquan Water Supply System/D&R Canal
Kenneth Klipstein, Director Watershed Protection Programs
Julie Shelley, Permit/Property Administrator
Michelle Rollman, Finance and Accounting Analyst
Kathrine Hunt, Deputy Attorney General
Lauren LaRusso, Associate Counsel, Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Hoffman asked for the approval of the minutes of the May 6, 2019 meeting. Mr. Havens moved the motion approving the minutes as prepared and the motion was seconded by Mr. Picco. The minutes of the May 6, 2019 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Ms. Gates stated that everyone has a copy of her report and that she had nothing to add except that the auditors are in the process of doing their field work for the fiscal year 2019 audit.

COMMUNICATIONS/CORRESPONDENCE

The only item of communications and correspondence is a news article from The Montgomery News regarding the Canal dredging project.

UNFINISHED BUSINESS

Mr. McKeon provided a report on the Manasquan Reservoir System and Water Treatment Plant/Transmission System. Mr. McKeon stated that everyone has a copy of his report. Mr. McKeon stated that rainfall has been above average and that the Reservoir is near capacity. Mr. McKeon stated that there have been equipment issues because of the high heat, but that these issues have been managed. Mr. McKeon noted that the heat has also affected the algae growth which has been manageable.

Mr. Brooks provided a report on the Raritan Basin System. Mr. Brooks stated that everyone has a copy of his report. Mr. Brooks stated that Spruce Run elevation was at 272.8 feet or 99.6 percent full. Round Valley Reservoir was at elevation 373.4 feet which is 84.3 percent of capacity. The combined capacity is 86.8 percent while the average for this time of year is 92.9 percent.

Mr. Brooks stated that on July 25 seepage was identified on the Canal by a member of the public at the location of a high pressure gas line crossing. A similar seepage incident occurred at the same location in 2014. In accordance with their lease agreement the owners of the gas line paid for the repairs in 2014 and maintain responsibility for any repairs to the embankment at that location. The Authority responded to the report immediately by temporarily lowering the water level and installing a clay plug. The owners of the gas line have been contacted and will be expected to complete more permanent repairs.

Mr. Brooks reported on the Canal Dredging Project. Dredging has been completed in reaches one through four and two dredges are currently active in reach five which is expected to be nearly completed this year.

Mr. Brooks reported on the Round Valley Reservoir Dams-Rehabilitation and Resource Preservation Project. Grouting is well underway and most of the grouting has been completed on the right abutment of the South Dam as well as some on the left abutment.

Mr. Brooks stated that a pre-construction meeting was held with the contractor for the dredging of the channel around the South Dam Tower. Mr. Brooks anticipates that the dredging will begin sometime this month and will take less than two months to complete.

Mr. Brooks stated that the Authority is advertising to pre-qualify potential bidders for the main embankment work. Mr. Brooks anticipates that the Authority will go out to bid on this project in late summer or early fall with notice to proceed in early 2020. The excavation work is then scheduled to begin in the spring at the Round Valley Dike.

Mr. Brooks noted that he provided information regarding two change orders in his report and offered to answer any questions of which there were none.

Mr. Klipstein provided a report on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report. Mr. Klipstein discussed the status of the efforts to eradicate hydrilla in both the Manasquan and Raritan systems. Mr. Klipstein stated that the Authority has been working cooperatively with Monmouth County Parks System on the boat stewards program. Over 1500 boaters have been surveyed, showing that most boaters have a high awareness of invasive species generally. The most common invasive species found by boaters are Eurasian milfoil and hydrilla. Mr. Klipstein is pleased with the learning opportunities, including information about blue-green algae, afforded to the Watershed staff through this process.

Mr. Klipstein stated that the hydrilla treatments in the canal have been very effective. Mr. Klipstein anticipates a reduction in the dosage for next season based on the successful results of the current season.

NEW BUSINESS

Ms. Gates provided background information on the Authority's financial performance for the nine months ending March 31, 2019. Ms. Gates stated that water sales are on target for the year and that operating revenue reached 75.4 percent of budgeted as of March 31, 2019. Operating expenses are 68 percent of budgeted. Positive budget variances in electricity for pumping, insurance expense and turnover savings contribute to this result. Net income is positive and the financial position is stable. Ms. Gates stated that no Board action was required.

Ms. Gates provided background information on the resolution authorizing the Executive Director to negotiate and execute a

contract with Mercer County Park Commission for renewal of uninterruptible service from the Raritan Basin System. Mercer County Park Commission is seeking renewal of its water purchase contract for irrigation of Princeton Country Club. The terms are identical to the expiring contract. The contract is for uninterruptible supply of 75,000 gallons per day of which 67,000 gallons is considered consumptive. The contract term is for 10 years.

Mr. Picco moved the resolution authorizing the Executive Director to negotiate and execute a contract with Mercer County Park Commission for renewal of uninterruptible service from the Raritan Basin System. Mr. Iacullo seconded the motion. All Authority members approved of the resolution.

Mr. Brooks provided background information on the resolution authorizing the Executive Director to execute Amendment No.10 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 under Contract C09012, dated May 12, 2010 Urban Dredging Consultants Joint Venture ("UDCJV") was appointed as engineering consultant for the dredging of the Delaware and Raritan Canal from Kingston to Amwell Road, in Franklin Township. Nine previous amendments totaled \$2,263,643.70.

Mr. Brooks noted that the original design project was based on the assumption that the project would be performed in the dry and only anticipated \$359,000 for construction management services. As with most Authority projects, it was assumed that Authority staff would be providing the bulk of the construction inspection. When the project plan changed to dredging in the wet, the complexities of the construction changed and in a \$40 million dollar project in a very specialized construction technique, it seemed prudent and still does to maintain significant presence of the consultant at the jobsite.

Mr. Brooks stated that Amendment 8 was approved by the Board in November 2017 in the amount of \$1,236,000 and was only supposed to cover the first year of the 3-year project. At that time, it was realized that more amendments would be necessary to bring the project to completion. Due to efficiencies in oversight management and staffing, the budget authorized in Amendment No. 8 is projected to cover construction administration costs through September 2019, eight months longer than was initially assumed. Authority staff has made and will continue to make efforts to supplement inspections by UDCJV by substituting our own staff whenever possible and appropriate. One full-time UDCJV field engineer was eliminated in this estimate because of the presence of Authority employees. Mr. Brooks stated that the recent turnover of two Technical Assistants and ongoing and future staffing needs for other Authority capital projects including the Round Valley Project, supports continued use of UDCJV services.

Mr. Brooks stated that the proposed amendment would allow \$1,230,500.00 for continued construction administration services by

UDCJV for years two and three of the Canal dredging project. This would increase the total value of the contract with all amendments to \$4,793,543.70. Mr. Havens noted that the amendment was reviewed by the Capital Projects Committee and that the Committee recommends the resolution.

Mr. Havens moved the resolution authorizing the Executive Director to amend the contract with Urban Dredging Consultants Joint Venture for professional 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, New Jersey by a reimbursable cost not-to-exceed amount of \$1,230,500.00. Mr. Picco seconded the motion. All Authority members approved of the resolution.

Ms. Shelley provided background information on the resolution authorizing execution of a D&R Canal Transmission Complex utility lease agreement with PSE&G for operation of a six-inch gas transmission line under the D&R Canal in the Township of Lawrence, Mercer County. Ms. Shelley stated that this is a standard Canal transmission complex crossing lease for the Authority. PSE&G is relocating an existing gas line under the Canal in Lawrence Township along Carnegie Road. Ms. Shelley noted that PSE&G is proposing horizontal directional drilling. Construction plans will be reviewed and monitored by the Authority using an outside consultant. The standard twenty-year lease has been approved by Deputy Attorney General Hunt as well as the Deputy Attorney General for the Department of Environmental Protection Parks Division and the D&R Canal Commission. The lease fee is \$700 per year, which is based on the minimum value established by the "Interagency State Land Lease Valuation Panel Report", dated August 2011. In response to a question by Mr. Hoffman, Ms. Shelley described the process of engineering oversight through the lease agreement. Mr. Hoffman indicated a desire to see the technical details of horizontal directional drilling plans from PSE&G and Ms. Shelley agreed to provide the same.

Mr. Iacullo moved the resolution authorizing the Executive Director to execute a twenty-year lease agreement with PSE&G pursuant to the "Agreement for the Development, Maintenance and Operation of the D&R Canal Transmission Complex as a Water Supply Facility and for Public recreation, Conservation and Historic Purposes as Part of the D&R Canal State Park," dated June 17, 1986. Ms. Blew seconded the motion. All Authority members approved of the resolution.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Consumers - no report
- (d) Audit - no report

- (d) Public Participation - no report
- (e) Capital Projects - no report
- (f) Insurance - no report
- (h) Watershed Lands Acquisition Committee - no report

PUBLIC COMMENT

There were no public comments.

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 Mr. Picco seconded. All Authority members approved the motion.

RETURN TO PUBLIC SESSION

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

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 2:34 P.M.

I hereby certify this to be a true and original copy of the August 5, 2019 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman

Michelle Rollman
Finance and Accounting Analyst



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Minutes of the Executive Session
New Jersey Water Supply Authority
August 5, 2019

There was a need for an Executive Session to discuss a matter of acquisition of real property and 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 Mr. Picco seconded. All Authority members approved the motion.

Ms. Shelley reviewed 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 which was presented and approved at the May 6, 2019 meeting. Maps and photographs were distributed. Ms. Shelley discussed changes to the approach in the purchase of the property and sought Board consensus to continue to pursue negotiations with changes to the potential purchase structure and property management partnerships to which the Board agreed. Mr. Havens made note that provisions be made for certain practical maintenance necessities as negotiations continue.

Mr. Picco moved to go back into open session of the regular Board Meeting. Mr. Havens seconded the motion. All Authority members approved the motion.

I hereby certify this to be a true and original copy of the August 5, 2019 New Jersey Water Supply Authority Executive Session Meeting minutes.

Michelle Rollman

Michelle Rollman
Finance & Accounting Analyst