



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the New Jersey Water Supply Authority

December 3, 2018

A regular meeting of the New Jersey Water Supply Authority was convened on December 3, 2018 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 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 Jung Kim 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
Robert Iacullo
Steven Picco
Shing-Fu Hsueh - by phone

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Oleg Kostin, New Jersey American Water
Robert Barth, D&R Canal Watch
Dan Losik, Township of East Brunswick

Authority Staff Present:

Beth Gates, Executive Director
Susan Buckley, Director Finance and Administration
Marc Brooks, Chief Engineer
Paul McKeon, Director Manasquan Water Supply System/D&R Canal
Kenneth Klipstein, Director Watershed Protection Programs
Jung Kim, Deputy Attorney General
Lauren LaRusso, Governor's Authorities Unit - by phone

APPROVAL OF THE MINUTES

Acting Chair Hoffman asked for a motion for approval of the Minutes of the November 5, 2018 meeting. Mr. Picco moved the motion approving the Minutes as prepared and the motion was seconded by Mr. Havens.

EXECUTIVE DIRECTOR'S REPORT

Ms. Gates stated that everyone has a copy of her report. Ms. Gates thanked the Commissioners for completing their online ethics training.

Ms. Gates reminded the Board that the Authority is required to report a liability for Other Postemployment Benefits, or OPEB, for health benefits in accordance with GASB 75 for the 2018 fiscal year. The Authority was previously informed that this information would be forthcoming from Treasury in December, but has recently been informed that it will not be available until early 2019. The Authority has a statutory deadline for the end of February to complete the Annual Report which must include the audited financials. Ms. Gates stated that she would update the Board as information becomes available. Ms. Gates noted that the Authority is subject to a bond-holders disclosure requirement and that a notice will need to be filed with the Electronic Municipal Market Access site ("EMMA") to fulfill that requirement if the audited financials are not completed by March. A notice of non-compliance was filed with the Authority's trustee.

COMMUNICATIONS/CORRESPONDENCE

Ms. Gates noted the article provided in the Board packet by Judith Powers entitled, *Dredging is Underway in New Jersey's Historic Delaware and Raritan Canal*, which was published in the "International Dredging Review" on November 5, 2018.

UNFINISHED BUSINESS

Mr. McKeon reported on the Manasquan Reservoir System and the Manasquan Water Treatment Plant/Transmission System. Mr. McKeon stated that everyone has a copy of his report. Mr. McKeon stated that there has been a great deal of rain in the Manasquan System. Mr. McKeon noted that the Treatment Plant has been primarily on Reservoir water for the last month. Mr. McKeon stated that the Treatment Plant is offline today for the cleaning of the two-million-gallon storage tank.

Mr. McKeon reported that the Treatment Plant is otherwise operating as usual and that the staff is conducting routine maintenance.

In response to questions from the Board, Mr. McKeon stated

that the storage tank was drained and inspected in April. It was determined at that time that the tank required cleaning which was delayed to a more appropriate time based on water demand. This is the first time that the tank has been cleaned since it went online in 2013. Mr. McKeon noted that the tank has proven an additional benefit by reducing the need to flush the transmission system because sediment settles out in the tank rather than entering the system. The tank will most likely be cleaned every five years as an operating protocol.

Mr. Brooks reported on the Raritan Basin System. Mr. Brooks stated that everyone has a copy of his report. Mr. Brooks noted that the rain is continuing in the Raritan Basin System as well. Spruce Run is spilling and is at elevation 273.2, or 101.5 percent of capacity. Round Valley is at elevation 375.3, or 86.9 percent of capacity. The combined capacity is currently 89.1 percent while the typical capacity for this date is 88.1 percent.

Mr. Brooks discussed Canal operations. Mr. Brooks noted that the season for leaf cleaning is winding down. Staff made repairs to some small damage to an embankment in the Princeton area which resulted from storms on the Saturday after Thanksgiving.

Mr. Brooks stated that active dredging in the Canal has ended for the season. The transportation of material to the final disposal site is set to begin on December 12 on a trial basis. The Authority anticipates that the transportation will be completed in early March; assuming two round trips per day for each of thirty trucks operating between 9:00 a.m. and 3:30 p.m., Monday through Friday.

Mr. Brooks discussed the Round Valley Reservoir Dams-Rehabilitation and Resource Preservation Project. Drill rigs have been working on the three Round Valley embankments for the last month, conducting more exploratory borings that will help with the design. The last rig demobilized on Friday. Mr. Brooks stated that the contractor is performing a pump test this week which will provide valuable information for the dewatering design team. Staff has advertised and is receiving prequalification proposals from potential drilling and grouting contractors who desire to be pre-qualified for the drilling and grouting portion of the work on the Round Valley embankment abutments. All permits are in place and the plans and specifications for the grouting project are complete. The Authority is awaiting authorization from the New Jersey Department of Environmental Protection ("NJDEP") Municipal Finance Element to advertise.

Mr. Brooks stated that the dredging project plans for the channel near the South Dam Tower are also near complete and permit applications have been submitted to NJDEP. The Authority is actively procuring security firms who staff anticipates will do

background checks for construction contractors on the security project and on the embankment modifications project.

Mr. Brooks stated that the draft schematic design for the Landing Lane Spillway Project was reviewed by staff and returned to the consultant who is now working on the design.

Mr. Brooks stated that the design for the Dredging of the Pond at the South Branch Pump Station is complete and the Authority has received NJDEP Land Use permits. The Authority will be scheduling bids for February in anticipation of summer construction.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report. Mr. Klipstein highlighted the Spotted Lanternfly that was found at Spruce Run State Park last month. The Spotted Lanternfly is the latest invasive species to arrive in the area and the Authority is taking steps to train staff on identification and disposal of this new pest to help contain the spread.

NEW BUSINESS

Mr. Brooks provided background information on the Resolution authorizing the Executive Director to enter into a contract for Professional Engineering Services required for the rehabilitation of the Six Mile Run Culvert at Station 2298+17 on the Delaware and Raritan Canal in the Township of Franklin, Somerset County. Mr. Brooks stated that the 6-Mile Run culvert is a 3-barrel stone arch culvert that carries 6-Mile Run under Canal Road, the Canal, and the towpath before discharging to the Millstone River. Authority staff has determined that an investigation and rehabilitation of 6-Mile Run culvert is needed. Staff prepared a request for proposal to solicit a professional engineering consultant for the project. Seven proposals were received on August 7, 2018 and reviewed by a four-person evaluation committee comprised of Authority staff. With the approval of the Chair of the Capital Projects Committee, staff requested fee proposals from the top three rated firms. Staff used the scope equalization process to compare the three fee proposals. Staff reviewed the scope equalization process with Deputies Attorney General Jung Kim and Mark Collier. Following a negotiation with the top rated firm, Johnson, Mirmiran & Thompson, Inc., their proposal was found to be the lowest fee after scope equalization.

Mr. Picco moved the Resolution authorizing the Executive Director to execute a contract for professional services with Johnson, Mirmiran & Thompson, Inc., from Trenton, New Jersey for professional engineering services necessary for the rehabilitation of the Six-Mile Run Culvert in Franklin Township, Somerset County, for a lump sum and reimbursable cost not to exceed an amount of \$242,539.60. Mr. Iacullo seconded the motion for the Resolution. All Authority members approved the Resolution.

Mr. Klipstein provided background information on the Resolution accepting Stormwater Mitigation Proceeds from the Delaware and Raritan Canal Commission ("DRCC") for the purpose of implementing water quality improvement projects in the Delaware and Raritan Canal. Mr. Klipstein stated that the DRCC is responsible for reviewing proposed projects within their statutorily defined review zone. Pursuant to regulation, the Commission reviews project applications for a number of impacts including stream corridor and stormwater/water quality impacts. The Commission rules allow for a waiver of the regulatory requirements if strict adherence would conflict with a compelling public need. For a waiver of stormwater runoff and water quality impact standards where the applicant cannot treat a proposed new discharge to meet the water quality standard, the Commission can direct the applicant as a permit condition to include in its project a cash donation to a mitigation fund administered by the Authority for water quality improvement projects with equivalent mitigation benefits. The Authority maintains a separate D&R Mitigation Account for these purposes.

Mr. Klipstein stated that in this case, New Jersey Transit is proposing to construct a flood-resilient Service and Inspection Facility and storage tracks for ten 12-car trains at the existing County Rail Yard facility within the City of New Brunswick. The County Yard improvement project involves clearing trees and creating 10.9 acres of net new impervious surface that will result in an associated increase in runoff volume and peak discharge rates. The New Jersey Transit County Yard Improvement Project does not strictly adhere to the Commission's regulations as they apply to stormwater peak runoff rates and/or groundwater recharge. Therefore, New Jersey Transit has requested a waiver of strict compliance with the Commission's stormwater regulations based on compelling public need. The Commission asked the Authority if there was a water quality improvement project need in the same Watershed Management Area as the New Jersey Transit project. Staff identified projects in the Cedar Grove Brook. These water quality improvement projects were approved by the NJDEP when the Authority completed and the NJDEP accepted the Cedar Grove Brook Watershed Restoration and Protection Plan in 2011. Cedar Grove Brook is a significant tributary to the Delaware & Raritan Canal and discharges to the Canal approximately two miles upstream of the water supply intakes for Middlesex Water Company, the Township of East Brunswick and the City of New Brunswick. The Lower Pond at Easton Avenue is a high priority for modification in order to improve water quality. The Commission has determined that the County Yard Improvement Project's Stormwater Mitigation proceeds can be used to implement the Cedar Grove Brook projects to offset the negative impacts on water quality and quantity.

New Jersey Transit's DRCC permit requires a \$425,000 cash contribution; \$200,000 for a feasibility study and preliminary

engineering for the Lower Pond Weir project and \$225,000 for construction of Cedar Grove Brook water quality projects in the order referenced in Attachment A to the resolution. If the resolution is approved, construction is estimated to begin as early as the fall of 2019 and is expected to take four to six weeks depending on the design and permits.

Mr. Picco moved the Resolution authorizing the acceptance of \$425,000 in mitigation dollars from New Jersey Transit to be used to improve water quality in the Cedar Grove Brook as an offset to the DRCC water quality requirements associated with the expansion of the NJ Transit facility in New Brunswick. Mr. Havens seconded the motion for the Resolution. All Authority members approved the Resolution.

Ms. Buckley provided background information on the Resolution authorizing the Executive Director to negotiate and execute a contract with the Somerset County Park Commission for renewal of uninterruptible service from the Raritan Basin System. Ms. Buckley stated that this is a ten year contract renewal with no change to the contract terms, for an uninterruptible supply of 0.157 mgd of which 0.142 mgd is deemed consumptive for irrigation purposes at Neshanic Valley Golf Course. The DEP has confirmed that the applicant's Water Allocation Permit will be renewed and issued by July 2019. The current contract expires on January 31, 2019 and the new contract term would be a ten year contract beginning February 1, 2019. The public hearing was waived after no interested party responded and no objections were received.

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

Mr. Picco provided background information on the Resolution authorizing the award of a contract to conduct the Annual Financial Audit for the fiscal year ending June 30, 2019. Mr. Picco stated that in January 2017, the Audit Committee, following the procedure outlined in Executive Order 122, competitively procured auditing services for Fiscal Year 2017. After negotiation, Mercadien, P.C. was awarded the contract. Mr. Picco stated that Executive Order 122 allows for contract renewals for up to four additional auditing cycles. Mercadien, P.C. submitted a fee proposal for Fiscal Year 2019, the third auditing cycle. The Committee reviewed the fee proposal and finds the requested 2.5 percent fee increase over the prior year acceptable. Mr. Picco stated that the Authority has been satisfied with the work provided by Mercadien P.C.

Mr. Iacullo moved the Resolution authorizing Mercadien, P.C., Certified Public Accountants of Princeton, New Jersey, to conduct the Annual Fiscal Audit for the year ending June 30, 2019 for a fee

not to exceed \$53,500. Mr. Picco seconded the motion for the Resolution. All Authority members approved the Resolution.

Ms. Gates provided background information on the Resolution to adopt the New Jersey Water Supply Authority meeting schedule for 2019. Ms. Gates outlined the schedule and stated that it is in accordance with the Open Public Meetings Act. Ms. Blew moved the Resolution to adopt the New Jersey Water Supply Authority meeting schedule for 2019. Mr. Picco seconded the motion for the Resolution. All Authority members approved the Resolution.

Acting Chair Hoffman stated that the Authority annually elects a Vice Chair, Treasurer and Secretary. The Committee structure and members are also annually assigned.

Acting Chair Hoffman nominated Steven J. Picco for Vice Chair, Robert J. Iacullo for Treasurer and Shing-Fu Hsueh for Secretary. Acting Chair Hoffman asked if there were any nominations or discussion from the floor. There were none. Ms. Blew moved the Resolutions to elect Steven J. Picco as Vice Chair, Robert J. Iacullo as Treasurer and Shing-Fu Hsueh as Secretary. Mr. Picco seconded the motion. All Authority members approved the Resolutions.

Acting Chair Hoffman stated that the proposed Committees and their memberships are as listed in the resolution for agenda item I: Capital Projects Committee, Mr. Havens, Chair with Mr. Picco and Mr. Iacullo as members; Personnel Committee, Ms. Blew, Chair with Mr. Picco and Mr. Havens as members; Insurance Committee, Dr. Hsueh, Chair with Mr. Havens and Ms. Blew as members; Audit Committee, Mr. Picco, Chair with Mr. Iacullo and Ms. Blew as members; Finance Committee, Mr. Iacullo as Chair with Mr. Picco and Mr. Havens as members; Watershed Lands Acquisition Committee, Ms. Blew as Chair with Dr. Hsueh and Mr. Iacullo as members, and Public Participation Committee, Mr. Iacullo, Chair with Ms. Blew and Mr. Havens as members.

Mr. Iacullo moved the Resolution concerning the appointment of Committee members for 2018. Mr. Picco 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

There was no public comment.

EXECUTIVE SESSION

There was no need for an Executive Session.

ADJOURN

Mr. Havens moved to adjourn the meeting. Mr. Picco seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:23 P.M.

I hereby certify this to be a true and original copy of the December 3, 2018 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman
Michelle Rollman
Finance and Accounting Analyst