



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the New Jersey Water Supply Authority

December 18, 2017

A regular meeting of the New Jersey Water Supply Authority was convened on December 18, 2017 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, 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

Absent: Louis Mai
Shing-Fu Hsueh

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Oleg Kostin, New Jersey American Water
David Shope, Resident

Authority Staff Present:

Beth Gates, Executive Director
Michelle Rollman, Executive Secretary II
Susan Buckley, Director Finance and Administration
Rita Shaw, Controller
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

Nicholas Kant, Governor's Authorities Unit
APPROVAL OF THE MINUTES

Acting Chair Hoffman asked for a motion for approval of the Minutes of the November 6, 2017 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 noted that ethics forms were provided to the Board for signature. Ms. Gates asked that the Board review these forms, sign them and leave them with her following the meeting.

Ms. Gates stated that Louis Mai will be retiring from the Board of the New Jersey Water Supply Authority at the end of the current calendar year. Mr. Mai has been a Commissioner since May of 1993. Mr. Iacullo has agreed to accept the nomination for Board Treasurer in place of Mr. Mai. A revised list of committee assignments was provided to the Commissioners to be voted upon under New Business item "H." Ms. Gates thanked the Commissioners for accepting additional committee responsibilities.

COMMUNICATIONS/CORRESPONDENCE

Ms. Gates brought two news articles to the attention of the Board including; "Round Valley Project," by Jim Stabile of the Daily Record; and "Moving Mountains at the Calaveras Dam Replacement," by Scott Blair of the Engineering News-Record.

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 normal rainfall and temperatures year to date in central New Jersey have resulted in the Manasquan Reservoir being at normal and historic levels for the end of the year.

Mr. McKeon reported that there have been no major operational problems in Manasquan during the last 60 days. All water treatment regulations have been met and customer contracts fulfilled in 2017.

Mr. McKeon stated that 1600 cubic yards of Water Treatment Plant backwash residuals were removed from the drying lagoons in December and transferred to the fields for land application. This is one year of accumulated residuals.

Mr. McKeon noted that all capital improvement projects planned for 2017 in the Manasquan System are either completed or well

underway.

Mr. Brooks reported on the Raritan Basin System. Mr. Brooks stated that everyone has a copy of his report. Mr. Brooks stated that Spruce Run Reservoir has come up from its lowest elevation of 248.66 feet to its peak of 272.14 feet on August 24, 2017. Mr. Brooks stated that the Authority has been releasing water from the Spruce Run Reservoir since that time, and that the current elevation is now 257.96 feet which is fifteen feet below capacity at 5.69 billion gallons or 51.7 percent of capacity. Round Valley Reservoir is down 16.8 feet from full pool at 42.46 billion gallons which is 76.8 percent of capacity. Mr. Brooks stated that the combined storage in Spruce Run and Round Valley Reservoirs is presently at 72.6 percent of capacity. Mr. Brooks stated that the average combined storage for this time of year is 90.0 percent of capacity.

Mr. Brooks stated that on December 1, 2017 Canal operations staff identified a new seepage location through the Canal embankment approximately one mile upcanal from Griggstown Lock. The seepage was assessed by engineering staff and found to be a fairly significant flow of approximately 20 gallons per minute. Based on the fact that this seep occurred high on the embankment slope, staff determined that the repair could be completed by Authority staff with a clay cutoff trench. The Canal was lowered by approximately 1.5 feet and interim risk reduction measures have been taken to stop the leakage. Mr. Brooks stated that the Authority intends to excavate an approximate 9-foot deep trench down the center of the towpath and backfill with compacted clay in order to complete a permanent repair.

Mr. Brooks stated that bids were received for the Canal Dredging project and that he would provide details under New Business agenda item "A."

Mr. Brooks stated that the consultant is continuing work on the schematic design for the Round Valley Reservoir Rehabilitation and Resource Preservation Project. A public meeting regarding the project was held at the North Hunterdon Regional High School on November 14, 2017. The meeting was attended by approximately 50 members of the public and was well received. Staff also made a presentation to the Round Valley Trout Association monthly meeting on November 16 which was also well received.

Mr. Brooks reported on a change order for the Round Valley Project. Schnabel Engineering, the engineer of record, requested a contract modification in the amount of \$14,742.00 to address a recommendation made for increased cultural resource survey levels on one parcel near the South Dam tower which is proposed for use as the confined dredge disposal facility ("CDF") in the dredging project. Initial investigations of this parcel indicated a higher likelihood for the presence of historical artifacts and additional

field work is recommended to determine potential impacts to any archeological findings. The amendment was approved by the Chair of the Capital Projects Committee.

Mr. Brooks reported on a change order for the Griggstown waste gate rehabilitation. Civil Dynamics is under contract to design repairs to the leaking Griggstown Waste gate Structure. Authority staff feels it is prudent to have the contractor make repairs to the concrete pedestal for the waste gate operator. The engineer proposed a fee of \$10,500 to incorporate the changes to the drawings and specifications and to make amendments to the permit applications. This amendment was approved by the Chair of the Capital Projects Committee.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report and that he has nothing additional to report.

NEW BUSINESS

Mr. Brooks provided background information on the Resolution authorizing the Executive Director to enter into a construction contract for Dredging of the Delaware and Raritan Canal from Kingston-Station 1862+00 to Amwell Road-Station 2418+00, Franklin Township, Somerset County, New Jersey, - WSA B17012. Mr. Brooks reviewed the project history and stated that the Dredging Project is necessary to maintain passing flows in the Canal. The Authority received authorization to advertise from the NJDEP on October 19, 2017. Advertisements for bids were published in the Star-Ledger, the (Trenton) Times and posted on the New Jersey Business Opportunities and the Authority's web site on October 23, 2017 and in the Hunterdon County Democrat on October 26, 2017. Mr. Brooks discussed four (4) addenda that were made to the bid. Four (4) conforming bids were timely received and opened at a public bid opening on December 12, 2017.

Authority staff and consultants reviewed the bids and found the low bid submitted by J.F. Brennan Company, Inc. La Crosse, Wisconsin to be legally and technically responsive. Authority staff recommends that a contract be awarded to J.F. Brennan Company, Inc. of La Crosse, Wisconsin for a lump sum and unit cost price not to exceed \$40,993,060.00.

Mr. Brooks stated that Authority staff desires to increase the discretionary power of the Executive Director to authorize and execute change orders from a limit of \$25,000 to a limit of \$100,000 for this contract only. All change orders under this proposal would require the concurrence of the entire Capital Projects Committee and will be reported at the next scheduled Board meeting.

Mr. Iacullo recommended that the language "not to exceed" be added to the resolution in reference to the authorized construction contract amount. All Commissioners and Authority staff agreed. Mr. Picco moved the Resolution authorizing the award of a contract to J.F. Brennan Company, Inc. of La Crosse, Wisconsin for a construction contract for Dredging of the Delaware and Raritan Canal from Kingston-Station 1862+00 to Amwell Road-Station 2418+00, Franklin Township, Somerset County, New Jersey, for a lump sum and unit price cost not to exceed \$40,993,060.00. Mr. Iacullo seconded the motion for the Resolution. All Authority members approved the Resolution as amended.

Ms. Buckley provided a staff report on the unaudited financial statements at September 30, 2017. Ms. Buckley stated that the financial statements have been distributed to all interested parties and are available on the Authority website as required by bond resolutions. Ms. Buckley specifically discussed non-operating expenses and investment income. Ms. Buckley offered to answer questions and stated that no Board action was required.

Ms. Buckley provided background information on the Resolution approving the 2017 Annual Report of the New Jersey Water Supply Authority. Ms. Buckley stated that Authority statute requires that an Annual Report be issued by February. Approval of the annual report usually occurs in December in order to be submitted for an award of excellence from the Government Finance Officers Association. Ms. Buckley reviewed specific items that are required to be included through Executive Order 37. The annual report includes the audited financial statements which were accepted by the Board at the October 2, 2017 meeting.

Mr. Iacullo moved the Resolution approving the 2017 Annual Report of the New Jersey Water Supply Authority. 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 2018. Mr. Havens moved the Resolution to adopt the New Jersey Water Supply Authority meeting schedule for 2018. 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. Mr. Havens moved the Resolutions to elect Steven J. Picco as Vice Chair, Robert J.

Iacullo as Treasurer and Shing-Fu Hsueh as Secretary. Mr. Iacullo 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 revised resolution for agenda item H: 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. Picco moved the Resolution concerning the appointment of Committee members for 2018. Mr. Havens seconded the motion. All Authority members approved the Resolution.

Mr. Picco, Chair of the Audit Committee, provided the background information on the Resolution authorizing the award of a contract to conduct the Annual Financial Audit for the fiscal year ending June 30, 2018. Mr. Picco reviewed the bid process history and stated that the Authority has been satisfied with the work provided by Mercadien, P.C. The Audit Committee reviewed the fee proposal from Mercadien, P.C. which constituted an approximate 2.4 percent increase over the prior year. Mr. Picco stated that the Audit Committee found the increase acceptable and recommends the contract authorization as proposed. Mr. Picco 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, 2018 for a fee not to exceed \$52,200. Mr. Iacullo seconded the motion. All Authority members approved of 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 introduced himself as a resident of Lebanon Township and commented on a news article reporting New Jersey American Water rate increases. Mr. Shope stated that he believes his property value has declined because of the Highlands Act and expressed his dismay at the economic decline of the State of New Jersey which he attributes to the governance of the State.

EXECUTIVE SESSION

There was no need for an Executive Session.

ADJOURN

Mr. Iacullo moved to adjourn the meeting. Mr. Picco seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:25 P.M.

I hereby certify this to be a true and original copy of the December 18, 2017 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman

Michelle Rollman
Executive Secretary II