



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the New Jersey Water Supply Authority February 3, 2014

A regular meeting of the New Jersey Water Supply Authority was convened on February 3, 2014 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, Fred Sickels, served as Acting Chair of the meeting and called the meeting to order.

Deputy Attorney General Alison Reynolds read the statement required by the "Open Public Meetings Act".

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

Present: Fred Sickels, Acting Chair - by phone
Susan Blew - by phone
Louis Mai - absent
Steven J. Picco - by phone
Ellsworth Havens - by phone
Shing-Fu Hsueh - absent
Robert Iacullo - by phone

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Frank J. Marascia, City of New Brunswick - by phone
Oleg Kostin, New Jersey American Water - by phone

Authority Staff Present:

Henry S. Patterson, Executive Director
Zenona I. Puć, Executive Secretary II
Edward Buss, Chief Engineer
Beth Gates, Director Finance and Administration
Kenneth Klipstein, Director Watershed Protection Programs -
by phone
Michael Citarelli, Chief Financial Officer

Amy Herbold, Senior Counsel, Authorities Unit - by phone
Alison Reynolds - Deputy Attorney General - by phone

APPROVAL OF THE MINUTES

Acting Chair Fred Sickels opened the meeting by asking for the approval of the minutes of the December 2, 2013 meeting. Ms. Blew moved for the approval of the minutes as prepared and this motion was seconded by Mr. Picco. The minutes of the December 2, 2013 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated that the maintenance staff has been very busy with snow removal and cold temperatures. Mr. Patterson stated that approximately 7 to 8 inches of snow has fallen in Clinton in the current snow event.

Mr. Patterson stated that the 2013 Annual Report has been posted on the Authority's website as required by Legislation.

UNFINISHED BUSINESS

Mr. Buss stated that everyone has a copy of the Operations Report for the Manasquan Reservoir System. Mr. Buss stated that there was nothing else to report.

Mr. Buss stated that everyone has a copy of the Report for the Manasquan Water Treatment Plant and Transmission System. Mr. Buss stated that bids were received for dry polymer feed system that was budgeted as part of the Asset Management Plan. Four (4) bids were received which ranged from \$82,000 to \$114,000, the engineer's estimate was at \$55,000. Mr. Buss stated that the engineer's estimate was based on information from a potential bidder that actually submitted a bid for \$95,000. Mr. Buss stated that the construction activity at the Manasquan Water Treatment Plant is progressing with no issues reported.

Mr. Buss stated that everyone has a copy of the Operations and Engineering Report for the Raritan Basin System. Mr. Buss stated that the Reservoirs are slightly higher than normal for January and that releases from the Spruce Run Reservoir are being made in order to alleviate icing in the Raritan River.

Mr. Klipstein stated that everyone has a copy of his report. Mr. Klipstein stated that the Authority hosted the NJ Water Supply Advisory Council at the Manasquan facility. A tour of the improvements was well received by all who participated.

NEW BUSINESS

Acting Chair Sickels stated that at this annual organizational meeting the Authority elects a Vice Chair, Treasurer and Secretary; and the Committee structure and members are assigned. Acting Chair Sickels requested that Resolutions A, B, & C be consolidated and moved with one motion and that he would nominate the entire slate. There was no opposition to Acting Chair Sickels' request.

Acting Chair Sickels nominated Steven J. Picco for Vice Chair, Louis C. Mai for Treasurer and Shing-Fu Hsueh for Secretary. Acting Chair Sickels asked if there were any nominations from the floor, hearing none, Acting Chair Sickels moved the Resolution concerning the Vice Chair for the New Jersey Water Supply Authority, the Resolution concerning the Treasurer for the New Jersey Water Supply Authority and the Resolution concerning the Secretary for the New Jersey Water Supply Authority. Mr. Picco and Mr. Havens seconded the motion. All Authority members approved the resolutions.

Acting Chair Sickels stated that the Committees and their memberships are: Capital Projects Committee, Mr. Havens, Chair with Mr. Picco and Mr. Mai as members; Personnel Committee, Mrs. Blew, Chair with Mr. Picco and Mr. Havens as members; Insurance Committee, Dr. Hsueh, Chair with Mr. Mai and Mrs. Blew as members; Audit Committee, Mr. Picco, Chair with Mr. Iacullo and Mrs. Blew as members; Finance Committee, Mr. Mai as Chair with Mr. Iacullo and Mr. Havens as members; Watershed Lands Acquisition Committee, Mrs. Blew as Chair with Dr. Hsueh and Mr. Iacullo as members, and Public Participation Committee, Mr. Iacullo, Chair with Dr. Hsueh and Mr. Havens as members. Mr. Picco moved the Resolution concerning the Appointments of Committee Members for 2014. Mr. Iacullo seconded the motion. All Authority members approved of this resolution. Acting Chair Sickels thanked all Authority Commissioners, Board members and staff for their work and efforts.

Mr. Picco, Chair of the Audit Committee gave the background information on the Resolution authorizing the Executive Director to authorize the award of a contract to conduct the Annual Fiscal Audit for the fiscal year ending June 30, 2014 to Mercadien, P.C. Mr. Picco explained the process used to procure auditing services was completed in accordance with Executive Order 122 and that requests to conduct the Annual Fiscal Audit for FY2014 were issued in December of 2012. Three auditing firms submitted proposals by the dead-line. The proposals were reviewed by the Audit Committee which determined that Mercadien, P.C. was the highest qualified firm. The Audit Committee authorized staff to negotiate with Mercadien, P. C. By Resolution 2098, dated April 1, 2013, the

Authority approved the Procurement of Mercadien, P.C. Mr. Picco stated that the Authority is in compliance with Executive Order 122 and consistent with its provisions. Mr. Picco moved the Resolution authorizing the award of a renewal to the contract to conduct the Annual Fiscal Audit for the year ending June 30, 2014 to Mercadien, P.C. of Princeton, NJ for a total cost of \$52,972. Mr. Havens seconded the motion. All Authority members approved the resolution.

Ms. Gates presented an overview of the proposed rates for both the Manasquan Reservoir System that would become effective July 1, 2014 and the Raritan Basin System that would become effective August 4, 2014.

MANASQUAN WATER SUPPLY SYSTEM - Ms. Gates reviewed revenue and expenses for the proposed FY2015 Manasquan Reservoir System budget and informed the Board that the proposed total rate for the initial water users is \$1,015.90 per million gallons, the fourth year of stable rates, and the proposed total rate for the delayed water users is \$1,168.49, the fourth year of stable rates and that these rates represent no increase in Operations and Maintenance, Source Water Protection and the regular Debt Service Components over the current year.

Ms. Gates stated that all of the Manasquan Water Purchase Contracts, except for one, will expire on June 30, 2015. This Fiscal Year will be the last year the Authority will have a sales base of 20.560 million gallons per day sold. The Rate Schedule for FY16 will reflect a revised Sales Base.

Mr. Havens moved the Resolution authorizing publication of proposed changes in the Authority's Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System. Mr. Picco seconded the motion. All Authority members approved the Resolution.

RARITAN BASIN SYSTEM - Ms. Gates reviewed revenue and expenses for the proposed FY2015 Raritan Basin System budget and informed the Board that the sales base decreased from 182.281 to 182.271 million gallons per day (mgd). Ms. Gates stated that the rate proposal was established with an increase in the Operations and Maintenance Rate Component from \$152.00 to \$167.00 mgd in FY2015; no change in the Debt Service Rate Component of \$25.00 mgd; no change in the Source Water Protection Fund Component of \$24.00 mgd in FY2015; and no change in the Capital Fund Component of \$30.00 mgd in FY2015. Ms. Gates stated that the revised rate for FY2015 will go from \$231.00 mgd to \$246.00 mgd.

Mr. Havens moved the Resolution authorizing publication of proposed changes in the Authority's Schedule of Rates, Charges and

Debt Service Assessments for the Sale of Water from the Raritan Basin System. Mr. Iacullo and Ms. Blew seconded the motion. All Authority members approved the Resolution.

Mr. Buss provided the background information on the Resolution Authorizing the award of a contract for Professional Engineering Services required for the Long Term Stabilization of the Delaware and Raritan Canal's Western Embankment from Station 156+00 to Station 207+00 - Stockton Borough, Hunterdon County. Mr. Buss stated that this is needed for the long term stabilization of the western embankment of the Canal in Stockton Borough, Hunterdon County. Mr. Buss stated that this one-mile section of the embankment breached during flooding events on the Delaware River in 1955, 2005 and 2006 and suffered major damage during Tropical Storms Irene and Lee in August and September 2011.

Mr. Buss stated that letters of solicitation were sent to firms on the Authority's mailing list and were published in three newspapers of general circulation and the advertisements were also posted on the Authority's and the State's websites. Six (6) proposals were received and evaluated by Authority Staff members. Mr. Buss stated that with the approval of the Chair Capital Projects Committee, Ellsworth Havens, the top three rated firms were invited to submit fee proposals. The top three rated proposals were submitted by TranSystems, Hatch Mott MacDonald and French & Parrello.

The fee proposals as originally submitted were TranSystem - \$669,663, Hatch Mott MacDonald \$1,004,000 and French & Parello - \$417,700. Due to the estimated cost for the remedial work (in excess of \$5 million) the Authority will be required to comply with the provisions of Executive Order 215 and/or the National Environmental Policy Act (NEPA) both of which require detailed Environmental Impact Assessments. This work was addressed in the proposals submitted by TranSystems and Hatch Mott MacDonald and not adequately addressed in the proposal submitted by French & Parrello. Staff has determined that this was one of the major deficiencies in French & Parrello's proposal that was reflected in their low price of \$417,700. After two rounds of negotiations, TranSystems lowered their lump sum and reimbursable cost not to exceed amount to \$621,394. It is recommended that the Board authorize the Executive Director to enter into a contract with TranSystems of Paramus, New Jersey, for professional engineering services necessary for the long term stabilization of the Delaware and Raritan Canal's western embankment in Stockton Borough, Hunterdon County. Ms. Blew moved the Resolution authorizing the Executive Director to enter into a contract with TranSystem of Paramus, New Jersey, for professional engineering services necessary for the long term stabilization of the Delaware and Raritan Canal's western embankment in Stockton Borough, Hunterdon

County, for a lump sum and reimbursable cost not to exceed an amount of \$621,394.00. Mr. Picco seconded the motion. All Authority members approved the resolution.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Audit - Mr. Picco, Chair of the Audit Committee gave the background information on the Resolution authorizing the Executive Director to authorize the award of a contract to conduct the Annual Fiscal Audit for the fiscal year ending June 30, 2014 to Mercadien, P.C.
- (d) Public Participation - no report
- (e) Capital Projects - no report
- (f) Insurance - no report
- (g) Watershed Lands Acquisition - no report

EXECUTIVE SESSION

There was no need for an Executive Session.

Mr. Picco moved to adjourn the meeting. Ms. Blew 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 February 3, 2014 New Jersey Water Supply Authority meeting minutes.



Zenona I. Puć
Executive Secretary II