

NEW JERSEY WATER SUPPLY AUTHORITY

BASIS AND BACKGROUND STATEMENT

PROPOSED AMENDMENTS TO N.J.A.C. 7:11-4.1, ET SEQ. IN THE SCHEDULE OF RATES, CHARGES AND DEBT SERVICE ASSESSMENTS FOR THE SALE OF WATER FROM THE MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

ADJUSTMENT OF OPERATIONS AND MAINTENANCE EXPENSE COMPONENT TO REFLECT NO CHANGE IN THE OPERATIONS AND MAINTENANCE COMPONENT RATE FOR FISCAL YEAR 2026

ADJUSTMENT OF SOURCE WATER PROTECTION FUND COMPONENT TO REFLECT NO CHANGE IN COMPONENT RATE FOR FISCAL YEAR 2026

ADJUSTMENT OF DEBT SERVICE COST COMPONENTS TO REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED FOR FISCAL YEAR 2026

ADJUSTMENT OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM DEBT COMPONENT TO REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED FOR FISCAL YEAR 2026

ADJUSTMENT OF CAPITAL FUND COMPONENT RATE FOR INITIAL AND DELAYED WATER PURCHASE CONTRACT CUSTOMERS TO REFLECT NO CHANGE FOR FISCAL YEAR 2026

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PART I – EXPLANATION OF PROPOSED REVISED RATE STRUCTURE

Overview of Rate Proposal for Fiscal Year 2026

(July 1, 2025 - June 30, 2026)

The New Jersey Water Supply Authority (Authority) is proposing to adjust its Schedule of Rates, Charges and Debt Service Assessments for the sale of water from the Manasquan Reservoir Water Supply System (System), to cover expenses for the Fiscal Year (FY) starting on July 1, 2025.

The Authority operates and maintains the System including the Intake Facilities located in Wall Township adjacent to Hospital Road, the Manasquan Reservoir located in Howell Township and 5 1/4 miles of 66-inch diameter pipeline which connects the Intake Facilities to the Reservoir. The Authority also operates and maintains a water treatment plant located on the same site as the Reservoir Intake Facilities and approximately 39,000 feet of transmission piping. This treatment plant/transmission system was constructed and is being operated by the Authority for the Southeast Monmouth Municipal Utilities Authority (SMMUA) on behalf of the Boroughs of Brielle, Spring Lake, Spring Lake Heights, Sea Girt and Wall Township, which have entered into agreements with SMMUA for the treatment/transmission of their portion of the supply from the System.

Summary of Proposed Adjustments

Initial Water Purchase Contracts of 15.008mgd (15.695mgd at July 1, 1990 and 14.980mgd at July 1, 2015) and Shorelands (.028mgd) delayed water contract effective July 1, 2006:

Component	Current (FY2025) Rates Per MG 7/1/2024 – 6/30/2025	Proposed (FY2026) Rates Per MG 7/1/2025 – 6/30/2026
Operations & Maintenance Component	\$445.82	\$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	525.00	525.00
TOTAL RATE	\$1,010.75/mg	\$1,010.75/mg

New Jersey American Water Delayed Water Purchase Contracts Effective July 1, 2001, October 1, 2002 and January 1, 2005 (4.435 mgd):

Component	Current (FY2025) Rates Per MG 7/1/2024 – 6/30/2025	Proposed (FY2026) Rates Per MG 7/1/2025 – 6/30/2026
Operations & Maintenance Component	\$445.82	\$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	200.00	200.00
Debt Service Cost Component	438.92	438.92
TOTAL RATE	\$1,124.67/mg	\$1,124.67/mg

The General Rate Schedule for Operations and Maintenance (O&M) was last adjusted effective July 1, 2024 to cover the operating expenses of the System for FY2025. The FY2025 sales base was 19.443 million gallons per day (mgd). The Authority anticipates that the applicable raw water O&M sales base for FY2026 will remain the same at 19.443 mgd. The initial sales base will remain the same at 15.008 mgd and the delayed sales base will remain at 4.435 mgd.

After the allocation of appropriate Headquarters General and Administrative costs to the System, the Authority anticipates \$3,161,730 in O&M component revenue required during FY2026 with an O&M rate component of \$445.82 per million gallons, no change from FY2025, starting on July 1, 2025 (Schedule 20, page 41). The proposed operating expense budget for FY2026 is \$14 higher than FY2025 and the proposed Capital Equipment Budget, net of depreciation reserve, is \$44,353 more than FY2025. In FY2026 there will be a \$10,000 contribution to the Sediment Reserve Fund, a \$120,000 contribution to the Renewal and Replacement Fund, a \$5,000 contribution to the Formal Dam Inspection Reserve, and a \$15,000 contribution to the High Voltage Testing Reserve Fund, the same as in FY2025. In FY2026 there will be no contribution to the Other Post-Employment Benefits Reserve and no Supplemental Renewal and Replacement Fund contribution. The OPEB Reserve is fully funded. See Budget Summary on page 19.

The Manasquan Reservoir system owes \$149,359 to the SMMUA Water Treatment Plant and Transmission System for actual FY2024 salary and fringe expenses. This amount will be applied to the CY2025 SMMUA budget (Schedule 15, pages 34-36).

Miscellaneous revenue and interest income in FY2026 is projected to increase by \$103,120 relative to FY2025, reflecting an increase in the use of year end surplus available from FY2024 (Schedule 17, page 38), as well as higher interest earnings (Schedule 16, page 37). Overdraft revenue of \$83,170 is available from 2024.

The System was financed with loans from the State of New Jersey and a Debt Service Assessment for contracts, effective as of July 1, 1990, was established to cover debt service payments on the initial loan of \$63,600,000 at a set interest rate of 7.15 percent and payment of the interim completion loan of \$7,416,000 at an interest rate of 7.16 percent. During FY1992 the State of New Jersey reduced the interest rate on the completion loan to 6.24 percent. During FY1997, the Authority negotiated an agreement with the State of New Jersey, which reduced the interest rate on the \$63,600,000 original State Loan Notes from 7.15 percent to 5.93 percent effective for the payments due on or after August 1998. The Debt Service component of the rate has been adjusted in the past to reflect the revised debt service schedules.

In August of 2005, the Authority refunded the current portion of the State Loan Notes and the Completion Notes at an average coupon of 4.83 percent and net present value savings of \$6.187 million. The terms of the bonds were 15 and 25 years respectively. The bond proceeds also fully funded the Debt Service Reserve Account.

On April 26, 2016, the Authority issued \$17,460,000 in Manasquan Reservoir Water Supply System Refunding Bonds, Series 2016. The proceeds, together with other monies on deposit, were used to prepay \$23,242,358 in Manasquan Reservoir Water Supply System Revenue Bonds, Series 2005 and Current Manasquan State Loan Notes and Completion Notes. The Refunding Bonds carry a bond yield of 1.59 percent and mature in incremental annual principal amounts through 2031. The debt service component of the rate represents 120 percent of the principal and interest requirements and debt service coverage must remain at 120 percent through the life of the bonds.

The current refunding resulted in a difference between the par amount of the refunding bonds and the par amount of the refunded bonds of \$5,782,358. The net premium on the refunding bonds was \$1,821,414. The economic gain was a net present value debt savings of \$2,999,861.

The Debt Service component of the rate for the Delayed Water Purchase Contracts (DWP) will be \$438.92 per million gallons, no change from FY2025. The portion of debt related to Initial Water Purchase Contracts was retired effective August 1, 2020, and the associated Debt Service component was eliminated in FY2021.

The Authority established a Source Water Protection Fund Component in FY2004 dedicating \$15.00 per million gallons to protect the quality and quantity of water in the Manasquan Water Supply System. The Authority decreased the rate component by \$5.00 per million gallons from \$15.00 to \$10.00 for this fund in FY2016. In order to cover program needs the Authority increased the rate by \$5.00 per million gallons to restore the rate to \$15.00 per million gallons in FY2018. The Authority recommends no change to the rate of \$15.00 per million gallons in FY2026.

The Authority closed on a loan from the New Jersey Environmental Infrastructure Financing Program (NJEIFP) on May 3, 2012 to finance the construction of a building structure over the Intake Pump Station and traveling water screens to protect the infrastructure from degradation by the elements. The final interest on the loan is based on 75 percent at zero interest and 25 percent market rate with coupons up to 5 percent for an effective interest rate of .8 percent over the twenty-year life of the loans. The rate component of \$24.93 per million gallons in FY2026 is required to cover debt service payments in accordance with the schedule and is no change from the FY2025 rate.

A capital fund rate component was established in the Manasquan System for Initial Water Purchase Contracts (\$525.00/mg) and Delayed Water Purchase Contracts (\$200.00/mg) in FY2021 to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation and/or replacement of the system facilities. As critical structures, including dams, continue to age in the thirty-year old Manasquan System, the Authority believes it is prudent to maintain a rate component that would fund related capital needs. The Authority recommends no change to the rate of \$525.00 per million gallons for Initial Water Purchase Contract customers and \$200.00 per million gallons for Delayed Water Purchase Contract customers in FY2026.

For Initial Water Purchase Contract customers in FY2026, the base contract O&M Rate (\$445.82), Source Water Protection Program Rate (\$15.00), NJEIFP Debt Rate (\$24.93) and Capital Fund Component (\$525.00) comprise the total base contract rate for raw water of \$1,010.75 per million gallons and represent no change in the rate relative to FY2025. This base contract rate is charged to all uninterruptible service contracts executed prior to July 1, 1990 (and renewed at July 1, 2015), the commencement date of Manasquan Reservoir System operations, and one Delayed Water Purchase contract with Shorelands Water Company (subsequently acquired by New Jersey American) executed on July 1, 2006. In order for its customers to be assessed the base contract rate on the .028 mgd delayed contract, Shorelands Water Company prepaid the net present value of the difference between the initial water purchase contracts debt service schedule and the delayed water purchase contracts debt service schedule.

The total rate for Delayed Water Purchase Contract customers in FY2026 is \$1,124.67 per million gallons, representing no change relative to the FY2025 delayed water purchase rate. The O&M Component (\$445.82), the Source Water Protection Fund Component (\$15.00), the Debt Service Rate Component (\$438.92), the NJEIFP Debt Rate (\$24.93) and the Capital Fund Component (\$200.00) comprise the total rate.

Table 1 (page 15) contains a summary of the proposed base contract rate and delayed water purchase contract rate components. The proposed rates shown in Table 1 are effective July 1, 2025 through June 30, 2026. These rates are based upon the projected operating costs and reflect an estimated contracted sales base of 19.443mgd.

Table 2 (page 16) is a twenty-year history of the total initial water purchase contract annual water rate.

Table 3 (page 17) is a fifteen-year history of the combined delayed water purchase contract annual water rates.

Water use payments are to be made quarterly with due dates of October 10, 2025, January 10, 2026, April 10, 2026 and July 10, 2026.

The balance of this document contains a further discussion of the individual rate components, a Schedule of Events and detailed supporting information for the proposed rate adjustment.

Schedule of Events

A pre-public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday,

January 9, 2025.

A public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday, February 6, 2025. The public hearing record is estimated to close on March 17, 2025.

Further information regarding the dial-in information or location for the pre-public hearing meeting and for the public hearing will be posted on the Authority's website at <https://www.njwsa.org/public-notices.html> at least 15 days prior to the date of the meeting/hearing.

The Authority will take final action on the proposed rate adjustment at its May 5, 2025 meeting at the Authority's Administration Building in Clinton, New Jersey.

Distribution of Headquarters General and Administrative Costs and Insurance Costs to all Operating Systems

On July 1, 1990 the Authority placed the Manasquan Reservoir Water Supply System in operation to provide an untreated water supply for use throughout Monmouth County. In addition to this major System, the Authority also began operation of the Water Treatment Plant and Transmission System for the Monmouth County Improvement Authority (MCIA) on July 1, 1990. The Boroughs of Brielle, Spring Lake, Spring Lake Heights, Sea Girt and Wall Township entered into agreements with the MCIA for this treatment/transmission system, which treats and conveys their portion of the supply from the Manasquan Reservoir Water Supply System. In December 2008, the five member communities created the Southeast Monmouth Municipal Utilities Authority and in September 2009 purchased the Water Treatment Plant from the MCIA; the Authority continues to operate the Water Treatment Plant. The Authority also operates the Spruce Run/Round Valley Reservoirs Complex and the Delaware and Raritan Canal Water Supply Transmission Complex comprising the Raritan Basin System, headquartered in Clinton, New Jersey. As a result, the Authority is operating, maintaining and managing three distinct Systems each with its own budget, cost accountability and revenue stream.

The Authority's headquarters staff located in Clinton provides general and administrative support services for all three Systems. These services include, but are not limited to, Financial Management, Payroll, Human Resources, Purchasing, Contract Administration, Risk Management, and overall management.

In order to equitably assess the customers of each of the three Systems, the Authority previously retained the services of an auditing firm to develop a methodology for the allocation of the Headquarters General and Administrative costs to all three operating Systems. After the close of each fiscal year, the Authority's current Auditors provide the Authority with their findings as to the adjustment, if any, of the allocation factors and the actual audited expenditures for the fiscal year.

The audit report for the immediately preceding fiscal year ending June 30 is available during November. Each September the Authority formulates the proposed budgets for the upcoming fiscal year starting on the following July 1. The adjusted allocation factors, if any, and the audited expenditures for the previous fiscal year are used to establish a debit or credit for each of the three operating Systems. This debit or credit is applied to the budgets being prepared each September for the upcoming fiscal year starting on July 1.

An independent auditor performed the Authority's FY2024 audit. The audit included a review of the allocation factors, as well as the actual audited expenditures. The appropriate adjustments have been made to the FY2026 budget based on the FY2024 audit. A copy of the Auditor's report on the allocation of the Headquarters General and Administrative costs is included in the Appendices to the rate proposal package for each System.

Insurance costs are also allocated to each System based upon the recommendations of the Authority's Risk Management Consultant. See the rate proposal package for additional information.

Distribution of Costs Between the Manasquan Reservoir System and the Treatment Plant/Transmission System

A common staff operates the System and the Treatment Plant/Transmission System. Salaries are allocated between the two Systems based upon time records that were kept during the fiscal year ending on June 30, 2024. The percentages used to provide the basis for the salary allocation for FY2026 were established from historical time records and estimated future workload relative to both Systems. A listing of all positions and the percentage of each position's time assigned to each of the two Systems appears on Schedule 2 (page 21).

Detailed budgets have been prepared for the Manasquan Reservoir System and the Treatment Plant/Transmission System. Each System's budget has three main categories of annual operational expenses in addition to the allocation of headquarters overhead. The three categories include (a) salaries and fringe (b) direct operation and maintenance expenses and (c) general and administrative expenses. Part 2 of this document provides more information on both Systems including detailed summaries of the projected line item budget figures for General and Administrative expenses and Operations and Maintenance expenses for FY2026.

Analysis of Significant Changes in Operations and Maintenance Expenses and Sales Base - Manasquan Reservoir System

Overview of Sales Base

On July 1, 1990 the Authority placed the Manasquan Reservoir Water Supply System in operation to provide an untreated water supply for use throughout Monmouth County. Twelve of the 13 original water purchase contracts were renewed effective July 1, 2015 and expire June 30, 2040. The final customer contract, New Jersey American, consolidated the initial water purchase and delayed water purchases for a total of 12.5 mgd and has an expiration date of June 30, 2031. Of the 13 contracts, six are two-party contracts with the New Jersey Water Supply Authority. These are the five treated water customers (Wall Township and the Boroughs of Brielle, Sea Girt, Spring Lake and Spring Lake Heights) of the Southeast Monmouth Municipal Utilities Authority's water treatment plant operated by the New Jersey Water Supply Authority and the New Jersey American Contract. One is a three-party contract (Keyport Borough) among the Authority, the customer and Shorelands Water Company (subsequently acquired by New Jersey American) for the delivery of water through Shorelands' distribution system. Six contracts (the Boroughs of Avon, Belmar, Matawan, Red Bank and Lake Como, and Shorelands (recently acquired by New Jersey American) are three-party contracts among the Authority, the customers and New Jersey American for the provision of treated

water from New Jersey American. The total sales base dropped from 20.560mgd to 19.443mgd effective July 1, 2015 and remains at 19.443mgd for FY2026.

Overview of Projected Operational Expenses

The Authority's proposed FY2026 Manasquan Reservoir Total Expense budget is \$3,969 less than the current FY2026 budget. The allocation of Authority Headquarters General and Administrative Expenses in FY2026 is decreasing by \$35,000 versus FY2025. The Capital Equipment budget for FY2026 is \$44,353 more than FY2025. There will be no FY2026 contribution to the Depreciation Reserve account, Insurance Reserve, or Pumping Reserve. There will be a \$10,000 contribution to the Sediment Reserve, a \$5,000 contribution to the Formal Dam Inspection Reserve, and a \$15,000 contribution to the Reserve for High Voltage Testing. Formal Dam Inspections and High Voltage Testing are performed every three years and rather than raising the entire amount every third year, budget stability is created by raising one third of the cost every year. There will be a normal contribution to the Renewal and Replacement Fund of \$120,000. There will be no contribution to the reserve for other post-employment benefits (accrued sick leave payments for retirees) which was created in FY2017. Miscellaneous revenue and interest income increases by \$103,120. These factors contribute to a flat FY2026 O&M Component requirement relative to FY2025 (\$3,161,734 vs. \$3,161,716) (Budget Summary on page 19).

Total O&M Direct Expenses are increasing by \$31,031 from FY2025, largely due to increases in insurance expenses and electricity. General and Administrative Expenses allocated to the Reservoir System are decreasing by \$4,639 as compared to FY2025, driven mostly by projected decreases in maintenance related categories.

Salaries, Overtime and Benefits

Authority employees within the Communications Workers of America (CWA), the International Federation of Professional Technical Engineers (IFPTE) and the International Brotherhood of Electrical Workers (IBEW) are currently operating under a contract that expires on June 30, 2027. The FY2026 budget incorporates all union negotiated step increases in the current union contracts and includes 3.5% cost of living increases for both FY25 and FY26. The IFPTE/AFL-CIO represents the Authority's Maintenance, Craft and Security Units and the CWA represents the Authority's Administrative and Clerical, Primary Level and Higher Level Supervisors Units. The IBEW represents several management employees. Also included is a 3.5% annual cost of living increase for the one member of Authority management who are not represented by a union. The Authority is budgeting 50.1 percent of the salary budget for fringe benefits in FY2026, exclusive of retiree medical.

Pension expense payable to the state of New Jersey on April 1, 2025 is anticipated to be approximately \$321,000 for the Manasquan System. The Authority has budgeted \$341,100 for this line item in FY2026. Although increases have stabilized in the last three years, there is still a level of uncertainty in this expense item because the pension system remains significantly underfunded.

Total salary and fringe is increasing by approximately \$151,300 in FY2026 as compared to FY2025, and the portion allocated to the Reservoir System is increasing by approximately \$75,000, based on estimated work effort on each system for all positions. In FY2026, 48 percent of total

salary and fringe is allocated to the Reservoir System and 52 percent to the Treatment Plant. The number of budgeted positions in FY2026 is 27, which is the same as FY2025 (Schedule 2, page 21).

Active and Retiree Health Benefits

Employees who retired with a minimum of 25 years of service prior to July 1, 1997 are entitled to paid health benefits. Those who attain 25 years on or after July 1, 1997 share some portion of post-retirement health benefit costs with the employer as determined by union contract or bargaining unit agreement. The Authority is budgeting two additional retirees in FY2026. Centers for Medicare and Medicaid Services (CMS) estimates that national health care spending will increase at an annual rate of 5.4 percent from 2022-2031. Starting with actual 2024 premiums, the Authority has budgeted a 5.4% increase for CY2025 for retirees and 5.7% for active employees. For CY2026, a 5.4% increase was assumed for both categories. The budget contains sufficient funds for 13 retired employees.

Insurance Program

The Authority is recommending a \$49,924 increase in insurance expenses for FY2026, reflecting general market conditions as assessed by the Authority's insurance broker/ risk consultant, and based on a recent recalculation of relative asset values. Broker services are remarketed every three years and the insurance program is renewed annually on March 1.

Allocation of the Primary, Umbrella and Public Officials Liability insurance costs between the three Systems is based upon proportionate water sales. The Automobile Liability cost is allocated based upon the assignment of vehicular equipment to each System. The cost of the Business Property coverage is allocated on the basis of insured values for each System and the Workers Compensation premiums are allocated on the basis of salaries for each System.

Headquarters General and Administrative Expenses

Budgeted Headquarters General and Administrative Expenses in FY2026 total \$891,000 of which \$770,000 is charged to the Manasquan Reservoir System and \$121,000 is charged to the Manasquan Water Treatment Plant (Schedule 13, page 32). The FY2026 budget also includes the reconciliation of the FY2024 actual to budget variance in this category. Headquarters charges are driven primarily by salary and fringe.

Interest Income and Miscellaneous Revenue

The projected interest earnings on reserve funds for FY2026 are \$360,600. This reflects an increase of \$135,200 relative to FY2025 and is based upon an interest rate of 4.0 percent for short-term investments (See Schedule 16, page 37).

Reserve Contributions

Consistent with FY2025, there will be no FY2026 contribution to the Insurance Reserve or the Pumping Reserve. During FY2026, the Authority will make no contributions from rate component sources to the Depreciation Reserve. Interest earnings from long-term investment

accounts have historically been applied to the Depreciation Reserve and are serving to keep this reserve fully funded. There will be a \$10,000 contribution to the Sediment Reserve. There will be a regular \$120,000 contribution to the Renewal and Replacement Fund, a \$5,000 contribution to the Reserve for Formal Dam Inspections and a \$15,000 contribution to the Reserve for High Voltage Testing. Formal Dam Inspections and High Voltage Testing are performed every three years and rather than raising the entire amount every third year, budget stability is created by raising one third of the cost every year. There were two new reserve fund contributions in FY2017 which will not be funded in FY2026. There was a supplemental contribution of \$350,000 to the Renewal and Replacement Fund in FY2017 that is not required in FY2026. The Authority requires a minimum balance of \$2 million in the fund to cover dam emergencies, and pipeline and pump emergent repairs. Because the system is aging, there are normal maintenance expenditures included in the five-year plan that would have drawn the fund down below the \$2 million requirement without the supplemental deposit. Finally, the Authority funded a reserve for other post-employment benefits (accrued sick leave) in FY2017 to ensure that sufficient funds are available to pay out sick benefits as this number is not regularly budgeted in salary and fringe.

Review of Reserve Accounts

Depreciation Reserve Account

This reserve is intended to provide for the replacement of Authority machinery and equipment with a value of \$1,000 or more and a useful life in a range from three to ten years and to cushion the impact of replacement equipment purchases in order to provide more stable rates. Depreciation Reserve should equal accumulated depreciation for this class of assets. Long-term investment earnings have been utilized to fund the Depreciation Reserve.

Self Insurance Reserve

The Self Insurance Fund was established for the System to allow the Authority to make choices between underwritten risk and self-insurance risk in the face of increased prices in the insurance market. No contribution is being made to the fund in FY2026.

Reserve for Operations and Maintenance

A working cash reserve must be maintained at a level which reflects the amount of the regular annual operating costs plus an allowance for possible extraordinary requirements. The level of this reserve must equal 25 percent of the Annual O&M Budget. An initial contribution of \$125,000 was budgeted in FY1991. A contribution of \$125,000 was budgeted in FY1992. The contribution for FY1993 was \$50,000 because of the availability of additional revenue from FY1991.

An additional \$100,000 was added during FY1993 from the receipt of delinquent revenue and resulted in full funding of this reserve. The Reserve for Operations and Maintenance Fund was fully funded as of June 30, 2016 and as a result, no contribution will be needed in FY2026.

Renewal & Replacement Reserve

The Renewal & Replacement Reserve is to be used for costs of capital improvements including repairs to facilities not covered by insurance and payment of extraordinary O&M costs. As per the terms of the project financing, this Reserve is to be funded by the excess debt service coverage revenue after the Debt Service Reserve requirement has been accumulated. An initial deposit of \$24,287 had been made into this account from overdue revenue received during FY1993. Excess annual debt service coverage amounts were later transferred into this fund. The balance in the fund as of June 30, 2024 was approximately \$4,000,000. Excess interest earnings on the Debt Service Reserve and Debt Service Funds and excess debt service coverage revenue as well as a direct deposit of \$120,000 provide the source of funds for this reserve account.

Source Water Protection Fund Rate Component

The Authority established its Watershed Protection Unit in 1999 to implement a watershed management program for the Raritan River Basin pursuant to a Memorandum of Agreement with the New Jersey Department of Environmental Protection. Primary functions of the Unit are planning for watershed protection and development and implementation of projects that improve protection of water supply.

As an extension of that program during the period of FY2004, the Authority began the Manasquan Watershed Protection Initiative, and established the Source Water Protection Fund for the purpose of protecting the quality and quantity of water in the Manasquan Reservoir Water Supply System. The fund is used for three purposes in cooperation with State, local and nonprofit partners: (1) administrative assistance in the preservation of those properties in the Manasquan River Basin that are critical to the long-term protection of water quality and quantity in the Manasquan Reservoir Water Supply System as they may affect Authority customers; (2) improved management of land development by municipal, county, and State government to protect both water quality and flow to and within Authority facilities; and (3) remedial projects to improve water quality from existing conditions.

Whenever possible, the Authority will seek to obtain funding from other sources to augment or match its expenditures from the Source Water Protection Fund. The balance in the Source Water Protection Fund at June 30, 2024 was approximately \$1,500,000. Because of overall rate considerations in prior years, the Authority reduced the Source Water Protection Fund Component from \$15.00 per million gallons to \$10.00 per million gallons in FY2016 and FY2017 and reinstated the rate to \$15.00 per million gallons in FY2018 to ensure adequate funding for these initiatives. The Authority proposes no change to the rate in FY2026.

Optional Water Use Schedule

The Authority continues allowing the use of an Optional Water Use Schedule. When the total of all uninterruptible supply contract diversions is equal to or less than 25mgd, the Purchaser may operate pursuant to an optional water use schedule wherein the Purchaser may divert up to 20 percent in excess of the total contracted amount for any given month.

Overdraft Service

The Authority continues to charge an Overdraft Service Rate by recognizing that daily overdraft service rates apply to all uninterruptible service contract customers, and by recognizing that the daily overdraft service rate is a multiple of the initial water purchase rate.

Other Rule Amendments

There are no other rule amendments for FY2026.

PART II – DETAILED SUPPORTING INFORMATION

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Table 1 - Summary of Proposed Fiscal Year 2026 Adjustments

BASED ON PRESENT USAGE

The rates, charges and debt service assessments listed below shall be paid for raw water allocated by contract from the Manasquan Reservoir System for the **base contracts effective as of July 1, 2015 (14.980mgd), and Shorelands (.028mgd) delayed water contract effective July 1, 2006:**

I. July 1, 2025 to June 30, 2026

Component	Current (FY2025) Rates Per MG 7/1/2024 – 6/30/2025	Proposed (FY2026) Rates Per MG 7/1/2025 – 6/30/2026
Operations & Maintenance Component	\$445.82	\$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	525.00	525.00
TOTAL RATE	\$1,010.75/mg	\$1,010.75/mg

The rates, charges and debt service assessments listed below shall be paid for raw water allocated by contract from the Manasquan Reservoir System for all **New Jersey American Water delayed water purchase contracts effective: July 1, 2001 (1mgd), October 1, 2002 (1.935mgd), January 1, 2005 (1.500mgd):**

II. July 1, 2025 to June 30, 2026

Rate Component	Current	Original Proposal 11/06/23	Difference	Percentage Increase (Decrease)
Operations & Maintenance Expense Component	\$445.82	\$445.82	\$0.00	0.00%
Source Water Protection Fund Component	\$15.00	\$15.00	\$0.00	0.00%
Debt Service Cost Component	\$438.92	\$438.92	\$0.00	0.00%
NJEIFP Debt Component	\$24.93	\$24.93	\$0.00	0.00%
Capital Fund Component	\$200.00	\$200.00	\$0.00	0.00%
Total Rate	\$1,124.67/mg	\$1,124.67/mg	\$0.00/mg	0.00%

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**Table 2 - Rate History of Water Charges per Million Gallons of Raw Water - Initial
FY2007-FY2026**

Initial Water Purchaser 14.980 mgd July 1, 2015
Shorelands .028 mgd July 1, 2006

Effective Date	O&M Charge	Source Water Protection	Debt Repayment 2/1/91-8/01/20	NJEIFP Debt Component	Capital Fund Component	Total Charge per MG	Increase (Decrease)
July 1, 2006	295.41	15	522.86			\$833.27	-6.90%
July 1, 2007	302.52	15	528.54			\$846.06	1.53%
July 1, 2008	302.52	15	566.59			\$884.11	4.50%
July 1, 2009	396.79	15	568.26			\$980.05	10.85%
July 1, 2010	396.79	15	568.69			\$980.48	0.04%
July 1, 2011	347.39	15	618.09	35.42		\$1,015.90	3.61%
July 1, 2012	345.95	15	619.53	35.42		\$1,015.90	0.00%
July 1, 2013	356.61	15	619.87	24.42		\$1,015.90	0.00%
July 1, 2014	356.61	15	619.87	24.42		\$1,015.90	0.00%
July 1, 2015	386.00	10.00	636.61	24.79		\$1,057.40	4.09%
July 1, 2016	432.87	10.00	636.61	25.10		\$1,104.58	4.46%
July 1, 2017	432.87	15.00	570.55	24.93		\$1,043.35	-5.54%
July 1, 2018	432.87	15.00	570.55	24.93		\$1,043.35	0.00%
July 1, 2019	432.87	15.00	570.55	24.93		\$1,043.35	0.00%
July 1, 2020	445.82	15.00	0.00	24.93	525.00	\$1,010.75	-3.12%
July 1, 2021	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%
July 1, 2022	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%
July 1, 2023	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%
July 1, 2024	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%
July 1, 2025	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Table 3 - Rate History of Water Charges per Million Gallons of Raw Water - Delayed
FY2007-FY2026

Delayed Water Purchaser NJ-American 1 mgd July 1, 2001
1.935 mgd October 1, 2002
1.500 mgd January 1, 2005

Effective Date	O&M Charge	Source Water Protection	Debt Repayment 2/1/02-8/01/31	NJEIFP Debt Component	Capital Fund Component	Total Charge per MG	Increase (Decrease)
July 1, 2006	295.41	15.00	763.61			\$1,074.02	-7.75%
July 1, 2007	302.52	15.00	764.44			\$1,081.96	0.74%
July 1, 2008	302.52	15.00	762.28			\$1,079.80	-0.20%
July 1, 2009	396.79	15.00	763.24			\$1,175.03	8.82%
July 1, 2010	396.79	15.00	756.19			\$1,167.98	-0.60%
July 1, 2011	347.39	15.00	770.90	35.42		\$1,168.71	0.06%
July 1, 2012	345.95	15.00	772.12	35.42		\$1,168.49	-0.02%
July 1, 2013	356.61	15.00	772.46	24.42		\$1,168.49	0.00%
July 1, 2014	356.61	15.00	772.46	24.42		\$1,168.49	0.00%
July 1, 2015	386.00	10.00	770.07	24.79		\$1,190.86	1.91%
July 1, 2016	432.87	10.00	770.07	25.10		\$1,238.04	3.96%
July 1, 2017	432.87	15.00	664.96	24.93		\$1,137.76	-8.10%
July 1, 2018	432.87	15.00	664.96	24.93		\$1,137.76	0.00%
July 1, 2019	432.87	15.00	664.96	24.93		\$1,137.76	0.00%
July 1, 2020	445.82	15.00	438.92	24.93	200.00	\$1,124.67	-1.15%
July 1, 2021	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2022	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2023	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2024	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2025	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule Of Events

(NJAC 7:11-2.1 et. seq.)

To become effective July 1, 2025

2024

- SEPTEMBER 27 Advise Water Users of informal meeting.
- OCTOBER 24 Informal meeting with Water Users – 10:00 AM.
- NOVEMBER 4 Board reviews and approves proposed Rates.
- DECEMBER 16 Mail Official Notice to water customers, Rate Payer Advocate, interested parties and advertise in newspapers.

2025

- JANUARY 7 Publication in the New Jersey Register.
- 9 Pre-Public Hearing – 10:00 AM (within 45 days of Official Notice).
Deadline for responses to inquiries received prior to pre-public hearing..
- FEBRUARY 4 Deadline for receipt of comments to be addressed at Public Hearing
(15 days after pre-public hearing)
- 6 Public Hearing Meeting. (Microsoft Teams) – 10:00 AM
Deadline for responses to inquiries received between pre-public and public
hearing.
- 24 Written responses to questions raised at Hearing (within 10
business days of the public hearing).
- MARCH 6 NJ Register Comment Period Ends.
- 17 Public Hearing record closes (25 business days after Public Hearing).
- MAY 5 Board approval of FY2026 Rates & Budgets
- JULY 1 Effective date.

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Proposed Fiscal Year 2026 Budget Summary

(07/01/25-06/30/26)

	ADOPTED F/Y2025 <u>Reservoir Budget</u>	PROPOSED F/Y2026 <u>Reservoir Budget</u>
Proposed Operating Expense Budget (Schedule 1)	\$ 3,170,011	\$3,201,042
Allocation of Headquarters General & Administrative Expenses to the Manasquan Reservoir System (Schedule 13)	<u>\$ 805,000</u>	<u>\$ 770,000</u>
Proposed Total Expense Budget	\$ 3,975,011	\$ 3,971,042
Proposed Capital Equipment Budget (Schedule 14)	\$ -	\$ 44,353
Contribution to Reserve Funds		
- Sediment Reserve	\$ 10,000	\$ 10,000
- Formal Dam Inspection Reserve	\$ 5,000	\$ 5,000
- Renewal & Replacement Fund	\$ 120,000	\$ 120,000
- High Voltage Testing Reserve	\$ 15,000	\$ 15,000
- Other Post Employment Benefits Reserve	\$ -	\$ -
- Supplemental Renewal & Replacement	\$ -	\$ -
Adjustment for F/Y24 Salary and Fringe Expenses to be paid (from)/to WTP/TS Account		\$ 149,359
Adjustment for F/Y22 Salary and Fringe Expenses to be paid (from)/to WTP/TS Account	<u>\$ 86,605</u>	<u>\$ -</u>
Total Budget Requirements	<u>\$ 4,211,616</u>	<u>\$ 4,314,754</u>
Interest Earnings on Funds (Except Renewal and Replacement and Depreciation Reserve Fund) (Schedule 16)	\$ (225,400)	\$ (360,600)
Unanticipated Revenue (Schedule 17)	<u>\$ (824,500)</u>	<u>\$ (792,420)</u>
Total Miscellaneous Revenue & Interest Income	<u>\$ (1,049,900)</u>	<u>\$ (1,153,020)</u>
Net Amount to be paid for O & M Component	<u>\$ 3,161,716</u>	<u>\$ 3,161,734</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 1 - Total Operations & Maintenance Budget

Fiscal Year 2026

	F/Y2022 Reservoir Actual	F/Y2023 Reservoir Actual	F/Y2024 Reservoir Adopted	F/Y2025 Reservoir Proposed
Salaries & Fringe Benefits (Schedule 2)	\$1,431,579	1,204,297	1,518,655	\$1,732,508
O & M Direct Expense (Schedule 3)	1,015,532	1,164,569	1,179,949	1,293,484
G&A Expenses (Schedule 5)	<u>96,876</u>	<u>108,584</u>	<u>168,851</u>	<u>144,019</u>
Total Operations & Maintenance Budget	\$2,543,988	\$2,477,450	2,867,454	\$3,170,011

	F/Y2022 Actual		F/Y2023 Actual		F/Y2024 Adopted		F/Y 2025 Proposed	
	Reservoir	WTP/TS	Reservoir	WTP/TS	Reservoir	WTP/TS	Reservoir	WTP/TS
Salaries/Fringe	\$1,431,579	\$1,424,501	1,204,297	1,066,653	1,518,655	1,768,221	\$1,732,508	\$1,891,042
O & M Direct Expense	1,015,532	896,933	1,164,569	966,601	1,179,949	978,080	1,293,484	1,183,925
G & A Expense	<u>96,876</u>	<u>67,166</u>	<u>108,584</u>	<u>72,026</u>	<u>168,851</u>	<u>106,701</u>	<u>144,019</u>	<u>98,641</u>
Total	\$2,543,988	\$2,388,599	2,477,450	2,105,280	2,867,454	2,853,002	\$3,170,011	\$3,173,607

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 2 - Labor Projection
Fiscal Year 2025 (7/01/24-6/30/25)

TITLES	SALARY	FRINGE BENEFITS	OVERTIME	CLOTHING ALLOWANCE	SHIFT DIFFERENTIAL	TOTAL	ALLOCATION RESERVOIR %	AMOUNT RESERVOIR	ALLOCATION WTP/TS %	AMOUNT WTP/TS
Director	165,500	110,585	-	-	-	276,085	50%	138,043	50%	138,042
Project Engineer II	127,000	84,859	-	-	-	211,859	70%	148,301	30%	63,558
Water Supply Tech.	78,300	52,686	-	550	-	131,536	62%	81,552	38%	49,984
Administrative Assistant	81,900	54,724	-	-	-	136,624	47%	64,213	53%	72,411
Supervisor Technical Facilities Maint	103,200	71,683	3,531	550	-	178,964	43%	76,955	57%	102,009
Sr. Water Supply Tech.	89,800	60,729	536	550	-	151,615	35%	53,066	65%	98,549
Maintenance Worker I	56,000	37,786	-	550	-	94,336	93%	87,733	7%	6,603
Supervisor Operations	121,400	81,118	-	-	-	202,518	25%	50,630	75%	151,888
Equipment Operator	53,800	36,316	-	550	-	90,666	94%	85,226	6%	5,440
Foreman Bldg & Grounds Maint	89,800	60,729	536	550	-	151,615	85%	128,874	15%	22,741
Foreman Facilities Maintenance	88,100	62,665	5,134	550	-	156,449	47%	73,532	53%	82,917
Facilities Mechanic (3 Positions)	212,000	145,257	3,741	1,650	-	362,648	45%	163,192	55%	199,456
Supervisor Plant Operator	78,800	56,417	5,084	550	-	140,851	37%	52,115	63%	88,736
Maintenance Worker I Operations	49,600	33,509	-	550	-	83,659	92%	76,966	8%	6,693
Reservoir Sys Oper./Asst RSO (5 Positions)	285,100	218,618	36,432	2,750	2,900	545,800	95%	518,510	5%	27,290
Plant Operator (6 Positions)	451,400	344,319	60,606	3,300	-	859,625	1%	8,596	99%	851,029
TOTAL: (rounded)	2,131,700	1,512,000	115,600	12,650	2,900	3,774,850		1,807,504		1,967,346

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 3 - Reservoir System Operations and Maintenance Direct Expense Budget

Proposed F/Y 2026, Adopted F/Y 2025, and Actual F/Y 2020-2024

Cost Center: Reservoir Direct

(40)

MANASQUAN WATER SUPPLY SYSTEM

RESERVOIR SYSTEM

O & M DIRECT EXPENSE BUDGET

CODE	ACCOUNT	FY '20 ACTUAL	FY '21 ACTUAL	FY '22 ACTUAL	FY '23 ACTUAL	FY '24 ACTUAL	FY '25 PROPOSED	FY '26 PROPOSED
5110	Regular Salaries & Wages							
5120	Overtime-Salaries & Wages							
5130	New positions-Salaries & Wages							
5140	Seasonal Help-Salaries & Wages							
5150	Fringe Benefits							
5160	Retiree Health Benefits							
	Total Salary, Wages & Fringe							
5200	Residences							0
5210	Heating Fuel	399	805	0	900		2,000	2,000
5220	Utilities -Electrical Service	70,058	76,270	80,402	94,912	117,603	92,100	105,600
5230	-Gas Service	6,415	7,664	10,528	10,677	10,166	12,450	12,450
5240	-Propane							0
5250	Electricity for Pumping Station	206,599	239,940	250,569	393,169	256,039	356,000	331,500
5260	Fuel - Vehicular							0
5270	Oil & Grease							0
5280	Tires							0
5290	Maintenance Supplies	9,671	9,198	13,306	11,072	7,620	14,700	12,400
5300	Maint. Supplies - Vehicular							0
5310	Major Vehicle Service & Repair							0
5320	Agricultural Supplies							0
5330	Maintenance Equipment	42,721	40,500	41,535	55,755	61,303	51,500	56,700
5340	Serv. & Maintenance Contracts	39,953	5,742	27,789	8,994	106,228	35,000	46,650
5350	Equipment Rental	11,105	8,970	2,514	4,730	1,335	10,000	6,500
5360	Household - Safety Supplies	2,518	3,373	2,441	1,065	2,013	1,000	1,000
5370	Uniforms							0
5380	Special & Professional Services	68,971	80,245	119,466	59,241	46,036	93,850	66,850
5390	Protective Services	259,993	292,378	319,005	372,502	452,892	470,076	520,000
5400	Telephone	9,285	10,244	12,270	13,959	3,093	9,008	3,908
5410	Postage & Freight Out							0
5420	Data Processing							0
5430	Printing & Office Supplies	714	566	1,232	4,402	3,406	2,000	2,960
5440	Scientific & Photographic	2,524	781	3,028	147	8,930	3,500	6,140
5450	Dues & Subscriptions							0
5460	Advertising & Promotional		704	442	881	789	2,000	2,200
5470	Travel & Subsistence			59		88		0
5480	Staff Training & Tuition Aid		255		202			0
5490	Fees & Permits	31,680	31,840	33,260	36,166	37,800	38,000	39,000
5500	In - Lieu Taxes	36,756	36,756	36,756	36,756	36,756	38,300	38,300
5510	Sediment Removal	59,961		60,932	59,040		62,000	0
5520	Chemicals							0
5525	Carbon Filter Replacement							0
	Total Other Expenses	\$859,321	\$846,229	\$1,015,532	\$1,164,569	\$1,152,097	\$1,293,484	\$1,254,158
	Total Operating Expenses	\$859,321	\$846,229	\$1,015,532	\$1,164,569	\$1,152,097	\$1,293,484	\$1,254,158
	ANNUAL BUDGET	\$1,008,584	\$1,005,936	\$1,116,400	\$1,157,613	\$1,179,949	\$1,293,484	\$1,254,158

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**Schedule 4 - Treatment Plant/Transmission System Operations and Maintenance Direct
Expense Budget**

Proposed F/Y 2026, Adopted F/Y 2025, and Actual F/Y 2020-2024

Cost Center: Treat/Trans Direct
(50)

MANASQUAN WATER SUPPLY SYSTEM
WATER TREATMENT PLANT/TRANSMISSION SYSTEM
O & M DIRECT EXPENSE BUDGET

CODE	ACCOUNT	FY '20 ACTUAL	FY '21 ACTUAL	FY '22 ACTUAL	FY '23 ACTUAL	FY '24 ACTUAL	FY '25 PROPOSED	FY '26 PROPOSED
5110	Regular Salaries & Wages							
5120	Overtime-Salaries & Wages							
5130	New positions-Salaries & Wages							
5140	Seasonal Help-Salaries & Wages							
5150	Fringe Benefits							
5160	Retiree Health Benefits							
	Total Salary, Wages & Fringe							
5200	Residences							
5210	Heating Fuel	2,043	6,691	3,868	906	940	7,000	5,000
5220	Utilities -Electrical Service	255,320	260,159	301,059	371,127	381,735	410,000	390,000
5230	-Gas Service	24,720	24,304	37,514	28,361	23,960	38,000	29,600
5240	-Propane							0
5250	Electricity for Pumping Station							0
5260	Fuel - Vehicular							0
5270	Oil & Grease	1,317	0	0	294	1,053	2,000	2,000
5280	Tires							0
5290	Maintenance Supplies	6,983	10,506	8,054	9,079	3,511	7,700	7,700
5300	Maint. Supplies - Vehicular							0
5310	Major Vehicle Service & Repair							0
5320	Agricultural Supplies			723				0
5330	Maintenance Equipment	32,057	49,941	100,640	92,771	181,764	105,500	124,300
5340	Serv. & Maintenance Contracts	35,593	18,958	43,963	41,540	53,280	45,000	37,240
5350	Equipment Rental	763	1,417	1,409	447	78	3,200	3,200
5360	Household - Safety Supplies	1,260	3,925	1,948	1,995	4,952	2,000	2,000
5370	Uniforms							0
5380	Special & Professional Services	23,710	28,170	22,713	34,496	31,863	35,000	33,200
5390	Protective Services	80,832	93,722	108,664	121,516	148,391	155,865	175,000
5400	Telephone	539	511	505	412	379	1,200	1,200
5410	Postage & Freight Out		103		7	81	300	300
5420	Data Processing							0
5430	Printing & Office Supplies	2,343	4,964	3,973	6,679	5,346	9,800	9,800
5440	Scientific & Photographic	10,663	9,491	13,741	13,982	17,290	15,000	15,000
5450	Dues & Subscriptions							0
5460	Advertising & Promotional	260	1,038	319	1,121	668	1,000	1,000
5470	Travel & Subsistence	12		70	190	53		0
5480	Staff Training & Tuition Aid	0	355	621	352	255	1,320	1,320
5490	Fees & Permits	6,141	5,390	6,240	4,240	11,470	7,640	8,040
5500	In - Lieu Taxes	140	140	140	140	140	400	400
5510	Residual Removal	0	0	46,157	30,515	4,844	16,000	16,000
5520	Water Treatment Chemicals	132,813	143,893	123,107	187,692	206,952	225,000	240,000
5525	GAC Replacement		50,000	65,962	0	157,167	95,000	95,000
5528	Reimb of O&M Capital Expenditures	1,138	9,279	5,544	18,738	62,726		
	Total Other Expenses	\$618,647	\$722,957	\$896,933	\$966,601	\$1,298,898	\$1,183,925	\$1,197,300
	Total Operating Expenses	\$618,647	\$722,957	\$896,933	\$966,601	\$1,298,898		\$1,197,300
	ANNUAL BUDGET	\$855,400	\$864,000	\$909,916	\$891,139	\$978,080	\$1,183,925	\$1,197,300

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 5 - Reservoir System General and Administrative Operations and Maintenance

Direct Expense Budget

Proposed F/Y 2026, Adopted F/Y 2025, and Actual F/Y 2020-2024

Cost Center: G & A
(60)

MANASQUAN WATER SUPPLY SYSTEM
GENERAL & ADMINISTRATIVE
EXPENSE BUDGET

CODE	ACCOUNT	FY '20 ACTUAL	FY '21 ACTUAL	FY '22 ACTUAL	FY '23 ACTUAL	FY '24 ACTUAL	FY '25 PROPOSED	FY '26 PROPOSED
5110	Regular Salaries & Wages	\$1,744,737	\$1,699,456	\$1,715,778	\$1,713,663	\$1,855,166	\$2,020,950	2,147,250
5120	Overtime-Salaries & Wages	71,499	64,694	85,409	91,909	81,907	115,600	115,600
5130	New positions-Salaries & Wages							
5140	Seasonal Help-Salaries & Wages							
5150	Fringe Benefits	554,954	250,181	879,808	264,014	818,191	1,224,400	1,254,050
5160	Retiree Health Benefits	(184,085)	(106,171)	174,262	195,430	195,430	257,600	252,950
5168	Workers Comp. (Self-Insured)	701	0	823	1,692	160	5,000	5,000
	Total Salary, Wages & Fringe	\$2,187,807	\$1,908,160	\$2,856,080	\$2,266,708	\$2,950,854	\$3,623,550	\$3,774,850
	Budget - salary and fringe							
5200	Residences							0
5210	Heating Fuel							0
5220	Utilities -Electrical Service							0
5230	-Gas Service							0
5240	-Propane							0
5250	Electricity for Pumping Station							0
5260	Fuel - Vehicular	13,896	15,990	29,005	27,497	31,570	33,600	33,600
5270	Oil & Grease	3,628	1,596	8,207	8,390	2,186	8,300	8,300
5280	Tires	8,905	3,233	4,962	9,609	5,553	12,000	12,000
5290	Maintenance Supplies	7,890	10,186	12,697	24,306	19,227	27,300	27,300
5300	Maint. Supplies - Vehicular	9,703	16,194	9,124	9,746	18,793	11,600	14,000
5310	Major Vehicle Service & Repair	18,290	45,738	20,267	25,508	32,859	35,000	35,000
5320	Agricultural Supplies	1,787	6,161	3,999	5,577	4,806	8,100	8,100
5330	Maintenance Equipment	2,734	3,641	5,383	4,539	2,526	10,100	7,100
5340	Serv. & Maintenance Contracts	18,620	16,414	25,296	22,922	20,093	28,100	25,300
5350	Equipment Rental	2,411	2,365	2,550	2,594	2,596	4,300	3,300
5360	Household - Safety Supplies	11,830	9,399	12,394	9,646	14,109	13,700	13,700
5370	Uniforms							0
5380	Special & Professional Services	7,395	8,361	7,138	8,092	5,257	10,000	10,000
5390	Protective Services							0
5400	Telephone	5,714	6,152	6,116	6,091	4,878	7,200	4,560
5410	Postage & Freight Out	1,078	685	1,435	4,090	3,704	1,200	1,200
5420	Data Processing	2,427	2,575	3,099	2,715	2,863	5,000	3,600
5430	Printing & Office Supplies	2,528	2,380	4,717	2,316	9,658	5,960	5,960
5440	Scientific & Photographic	0	0	0	0	0	300	300
5450	Dues & Subscriptions	1,197	504	302	615	90	3,000	3,000
5460	Advertising & Promotional	459	74	697	0	906	2,000	2,000
5470	Travel & Subsistence	470	336	152	130		1,000	1,000
5480	Staff Training & Tuition Aid	2,512	3,559	4,260	2,904	7,963	8,400	8,400
5490	Fees & Permits	3,265	3,089	2,241	3,322	3,890	6,500	6,500
5500	In - Lieu Taxes							0
5510	Residual Removal							0
5520	Water Treatment Chemicals							0
5525	GAC Replacement							0
	Total Other Expenses	\$126,739	\$158,632	\$164,042	\$180,609	\$193,527	\$242,660	\$234,220
	Total Operating Expenses	\$2,314,546	\$2,066,792	\$3,020,122	\$2,447,317	\$3,144,381	\$3,866,210	\$4,009,070
	Budget - other expenses		\$238,500	\$242,500	\$234,302	\$275,552	\$242,660	\$234,220
	TOTAL ANNUAL BUDGET		\$3,237,800	\$3,399,100	\$3,378,352	\$3,562,427	\$3,866,210	\$4,009,070
	Reservoir System	\$65,013	\$96,524	\$96,876	\$0	\$168,851	\$144,019	\$139,380
	Treatment/Transmission System	\$61,726	\$62,108	\$67,166	\$0	\$106,701	\$98,641	\$94,840

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 6 - List of Category 5340 Items Recommended Service & Maintenance Contracts

For Reservoir (40)

Fiscal Year 2026

		<u>Adopted</u> <u>F/Y25</u>	<u>Proposed</u> <u>F/Y26</u>
1	HVAC/Dehumidifier Service	\$ 500	\$ 500
2	Instrumentation & Control System Service/Upgrade	3,000	3,000
3	Electrical Upgrade & Repair	2,350	14,000
4	Overhead Crane Service & Inspection	3,000	3,000
5	Fire & Intrusion Alarm Service	1,500	1,500
6	Potable Well/Septic Service	1,500	1,500
7	Fertilization-Dam Dike	3,750	3,750
8	Underground Fuel Tank Testing & Repair	2,000	2,000
9	Roadway Crack Sealing	3,000	3,000
10	Wood Debris Removal/Herbicide Treatments	2,500	2,500
11	Access Roadway Repairs	2,500	2,500
12	Roofing System Maintenance & Repair	4,000	4,000
13	Reservoir Transmission Line Clearing	3,000	3,000
14	Fios Fiber Optic for Security Cameras	<u>2,400</u>	<u>2,400</u>
	Total Service & Maintenance Contracts	<u>\$ 35,000</u>	<u>\$ 46,650</u>

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 7 - List of Category 5340 Items Recommended Service & Maintenance Contracts

For WTP/TS (50)

Fiscal Year 2026

		<u>Adopted</u> F/Y25	<u>Proposed</u> F/Y26
1	Electrical Service Contract	\$ 2,400	\$ 2,400
2	Instrumentation & Control System Service & Upgrade	6,000	4,000
3	Electrical Upgrade & Repair	3,000	2,000
4	Overhead Crane Service	2,500	2,500
5	Fire & Intrusion Alarm Service	3,000	3,000
6	Boiler Service	1,200	1,440
7	Auxiliary Generator Service	3,000	3,000
8	Lab Equipment Service	3,500	3,500
9	UPS Battery PM Service and Batteries	3,600	3,600
10	Four Year Electrical Switchgear Testing Service	2,000	2,000
11	Internet Service	9,800	4,800
12	Network Routers	2,500	2,500
13	XLReporter Software Program Support	<u>2,500</u>	<u>2,500</u>
	Total Service & Maintenance Contracts	<u>\$ 45,000</u>	<u>\$ 37,240</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 8 - List of Category 5340 Items Recommended Service & Maintenance Contracts

For G & A (60)
Fiscal Year 2026

		<u>Adopted</u> F/Y25	<u>Proposed</u> F/Y26
1	Refuse & Waste Disposal	\$ 2,000	\$ 2,000
2	Office Equipment/Computers	1,800	1,800
3	Waste Oil Disposal	300	300
4	Fire Extinguisher Service	1,100	1,100
5	UST Monitor Service	-	-
6	SCADA Service Contract	2,000	2,000
7	Building Maintenance	6,000	6,000
8	Internet Service	2,000	2,000
9	Janitorial Service	10,000	7,200
10	Vehicle Lift Inspection	500	500
11	Underground Fuel Storage Tank Service	<u>2,400</u>	<u>2,400</u>
	Total Service & Maintenance Contracts	<u>\$ 28,100</u>	<u>\$ 25,300</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 9 - List of Category 5380 Items Recommended Special & Professional Service For

Reservoir (40)

Fiscal Year 2026

		<u>Adopted</u> <u>F/Y25</u>	<u>Proposed</u> <u>F/Y26</u>
1	Laboratory Services - Water Quality Sampling	\$ 10,000	\$ 240
3	Services-USGS Cooperative Agreement	40,000	35,000
4	Annual Trustee Fund	9,500	6,640
5	Dam Management-Surveying	2,500	120
6	Wetland Monitoring Management	8,000	8,000
7	Hydrilla Treatment and Water Quality Study	15,000	-
8	Engineering Services	4,000	4,000
9	Financial Advisory Services	4,850	4,850
10	Reservoir Algae and Wetlands Weed Treatments	-	8,000
	Total Special & Professional Services	<u>\$ 93,850</u>	<u>\$ 66,850</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 10 - List of Category 5380 Items Recommended Special & Professional Services

For WTP/TS (50)

Fiscal Year 2026

		<u>Adopted</u> <u>F/Y25</u>	<u>Proposed</u> <u>F/Y26</u>
1	Water Quality Sampling	\$ 14,900	\$ 12,900
2	Residual Quality Analysis	800	800
3	Consultant Services	4,000	4,000
4	USGA Allenwood Gage-Parameters	13,500	13,500
5	Underground Markout Service	<u>1,800</u>	<u>2,000</u>
	Total Special & Professional Services	<u>\$ 35,000</u>	<u>\$ 33,200</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 11 - List of Category 5380 Items Recommended Special & Professional Services

For G & A (60)
Fiscal Year 2026

		<u>Adopted F/Y25</u>	<u>Proposed F/Y26</u>
1	Pulmonary Testing	\$ 1,500	\$ 1,500
2	CDL Medical Testing	1,000	1,000
3	EAS Service	4,000	4,000
4	The Bank of NY - Melon	2,300	2,300
5	Pre-Employment Physicals	<u>1,200</u>	<u>1,200</u>
	Total Special & Professional Services	<u>\$ 10,000</u>	<u>\$ 10,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 12 - Projected FY 2026 New Jersey Water Supply Authority Insurance Program

Policy	Raritan Basin System	Manasquan Reservoir System	Manasquan Water Treatment Plant and Transmission System	Total Premium
Property Limit \$150 million, Limit \$25m BI Deduct: \$100k all perils \$250k Deduct dams, dikes / \$1m Deduct Canal flood Earthen Dam:Builders Risk	\$1,046,051	\$422,550	\$127,860	\$1,596,460
General/Products Liability Limit \$1 million Deduct: \$150k	\$160,108	\$14,304	\$2,845	\$177,258
Environmental Impairment Liability Limit \$10 million Deduct: \$100k	\$0	\$0	\$0	\$0
Workers' Compensation Limit \$1 million	\$176,076	\$22,672	\$27,013	\$225,760
Employer Liability Limit \$1 million	Included in Workers' Comp	Included in Workers' Comp	Included in Workers' Comp	Included in Workers' Comp
Umbrella Liability Limit \$23 million	\$502,251	\$44,873	\$8,926	\$556,050
Business Automobile Limit: \$1 million G/L, \$0 pd Deduct: \$50k, G/L	\$64,169	\$9,261	\$2,566	\$75,996
Management Liability Public Officials Liability	\$54,007	\$4,825	\$960	\$59,792
Cyber Risk	\$16,954	\$1,514	\$301	\$18,769
Fidelity & Crime Limit \$5 million/\$1million/\$1 million Deduct: \$100k/\$10k/\$50k	\$70,960	\$6,340	\$5,791	\$83,091
Travel Accident Limit \$2 million	\$0	\$0	\$0	\$0
Drone Coverage	\$1,166	\$0	\$0	\$1,166
UST	\$4,219	\$0	\$0	\$4,219
TOTAL:	\$2,025,000	\$520,000	\$175,000	\$2,720,000

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**Schedule 13 - Recap of Allocation of Headquarters General and Administrative Expenses
Charged to the Manasquan Reservoir Water Supply System**
Fiscal Year 2026 (7/1/25-6/30/26)

	Total Headquarters Charge	Manasquan Reservoir System	Manasquan WTP/TS
Budgeted-Appendix I, amount to be charged to Manasquan System for FY26 (7/1/25-6/30/26)	\$953,852	\$822,888	\$130,964
F/Y24 Adjustment as per audited Expenditures:			
Budgeted as per rate schedule for F/Y24 (7/1/23-6/30/24). Amounts paid during F/Y24 to Raritan Basin System.	\$893,996	\$770,000	\$123,996
Actual allocation based upon audited expenditures F/Y24 (7/1/23-6/30/24) - Appendix II	<u>\$830,784</u>	<u>\$716,698</u>	<u>\$114,086</u>
Adjustments F/Y24	<u>(\$63,212)</u>	<u>(\$53,302)</u>	<u>(\$9,910)</u>
Net Allocation for F/Y2026 Budget	<u>\$890,640</u>	<u>\$769,586</u>	<u>\$121,054</u>
Estimate	<u>\$891,000</u>	<u>\$770,000</u>	<u>\$121,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 14 - Proposed Capital Equipment Budget

Fiscal Year 2026

Manasquan Water Supply System								
<u>PROPOSED CAPITAL EQUIPMENT BUDGET</u>								
Fiscal Year 2026								
Description	(A)Addition (R)Replacemer	Year of Purchase Vehicle/Equipment	Dollar Value	%	Manasquan Reservoir	Manasquan WTP/TS	Reservoir Depreciation Reserve	WTP/TS Depreciation Reserve
Utility Body PU no Dump	R (515)	2013	81,000	50/50	40,500	40,500	41,260	0
Ford Escape	R (556)	2016	45,000	50/50	22,500	22,500	26,477	0
Ford F250 with Utility Body	R (530)	2014	90,000	70/30	63,000	27,000	29,499	0
Ford Escape	R (601)	2018	45,000	69/31	31,050	13,950	15,461	6,946
TOTAL			261,000		157,050	103,950	112,697	6,946
*Per Resolution, Asset Definition minimum is \$5,000.					0			
Less Amount charged to Reservoir Depreciation Reserve					112,697			
Less Amount charged to WTP/TS Depreciation Reserve						6,946		
Total					44,353	97,004		
Additional Depreciation Reserve							0	
Estimate					\$44,353	\$97,004		

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 - July, 2023– June, 2024 Fiscal Year 2024G&A Expenses Split

		BUDGETED %		ACTUAL % (Timesheets)		UNDER (OVER)	
		(40)	(50)	(40)	(50)	(40)	(50)
TOTAL		RESERVOIR	WTP/TS	RESERVOIR	WTP/TS	RESERVOIR	WTP/TS
	TIME SPLIT		90%	10%	93%	7%	
ASST. RESERVOIR S	REGULAR	46,959	42,263	4,696	43,672	3,287	(1,409)
OPERATOR	CLOTH.	550	495	55	512	39	(17)
	O.T.	3,001	2,701	300	2,791	210	(90)
	FRINGE	25,177	22,659	2,518	23,414	1,762	(755)
	TIME SPLIT		1%	99%	0%	100%	
PLANT OPERATOR	REGULAR	76,182	762	75,420	-	76,182	762
	CLOTH.	550	6	545	-	550	6
	O.T.	6,228	62	6,165	-	6,228	62
	FRINGE	42,623	426	42,197	-	42,624	426
	TIME SPLIT		1%	99%	8%	92%	
PLANT OPERATOR	REGULAR	66,372	664	65,708	5,310	61,062	(4,646)
	CLOTH.	550	6	545	44	506	(39)
	O.T.	2,672	27	2,645	214	2,458	(187)
	FRINGE	33,808	338	33,470	2,705	31,104	(2,367)
	TIME SPLIT		1%	99%	1%	99%	
PLANT OPERATOR	REGULAR	75,379	754	74,625	754	74,625	-
	CLOTH.	550	6	545	6	545	-
	O.T.	7,399	74	7,325	74	7,325	0
	FRINGE	42,297	423	41,874	423	41,874	0
	TIME SPLIT		40%	60%	43%	57%	
FACILITES	REGULAR	72,696	29,078	43,618	31,259	41,437	(2,181)
MECHANIC	CLOTH.	550	220	330	237	314	(17)
	O.T.	1,004	401	602	432	572	(30)
	FRINGE	38,292	15,317	22,975	16,466	21,827	(1,149)
	TIME SPLIT		90%	10%	99%	1%	
RESERVOIR	REGULAR	55,324	49,792	5,532	54,771	553	(4,979)
SYSTEM OPERATO	CLOTH.	550	495	55	545	6	(50)
	O.T.	9,126	8,214	913	9,035	91	(821)
	FRINGE	34,601	31,141	3,460	34,255	346	(3,114)
	TIME SPLIT		70%	30%	88%	12%	
PROJECT	REGULAR	87,502	61,251	26,251	77,002	10,500	(15,750)
ENGINEER 11	CLOTH.	-	-	-	-	-	-
	O.T.	-	-	-	-	-	-
	FRINGE	49,124	34,387	14,737	43,229	5,895	(8,842)
	TIME SPLIT		40%	60%	36%	64%	
FOREMAN FACILIT	REGULAR	79,449	31,780	47,669	28,602	50,847	3,178
MAINT.	CLOTH.	550	220	330	198	352	22
	O.T.	1,763	705	1,058	635	1,128	70
	FRINGE	41,778	16,711	25,067	15,040	26,738	1,671
	TIME SPLIT		80%	20%	99%	1%	
FOREMAN	REGULAR	81,211	64,969	16,242	80,399	812	(15,430)
BUILDING & GROU	CLOTH.	550	440	110	545	6	(105)
MAINT - WSA	O.T.	561	449	112	556	6	(107)
	FRINGE	42,546	34,037	8,509	42,120	425	(8,084)

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 (Continued) July, 2023 – June, 2024 Fiscal Year 2024 G&A Expenses Split

	TIME SPLIT		1%	99%	8%	92%		
PLANT OPERATOR	REGULAR	59,153	592	58,562	4,732	54,421	(4,141)	4,141
	CLOTH.	550	6	545	44	506	(39)	39
	O.T.	10,854	109	10,745	868	9,985	(760)	760
	FRINGE	35,147	351	34,796	2,812	32,335	(2,460)	2,460
	TIME SPLIT		35%	65%	37%	63%		
SR. WATER SUPPLY	REGULAR	81,203	28,421	52,782	30,045	51,158	(1,624)	1,624
TECH. -WSA	CLOTH.	550	193	358	204	347	(11)	11
	O.T.	236	83	153	87	149	(5)	5
	FRINGE	42,285	14,800	27,485	15,645	26,640	(846)	846
	TIME SPLIT		1%	99%	6%	94%		
PLANT OPERATOR	REGULAR	60,365	604	59,761	3,622	56,743	(3,018)	3,018
	CLOTH.	550	6	545	33	517	(28)	28
	O.T.	6,652	67	6,585	399	6,253	(333)	333
	FRINGE	33,873	339	33,534	2,032	31,840	(1,694)	1,694
	TIME SPLIT		47%	53%	52%	48%		
SUPERVISOR TECH.	REGULAR	93,315	43,858	49,457	48,524	44,791	(4,666)	4,666
ASST. & FAC. MAIN	CLOTH.	550	259	292	286	264	(28)	28
	O.T.	5,196	2,442	2,754	2,702	2,494	(260)	260
	FRINGE	51,135	24,033	27,101	26,590	24,545	(2,557)	2,557
	TIME SPLIT		40%	60%	43%	57%		
FAC. MECHANIC -	REGULAR	54,706	21,883	32,824	23,524	31,183	(1,641)	1,641
	CLOTH.	550	220	330	237	314	(17)	17
	O.T.	1,017	407	610	437	580	(31)	31
	FRINGE	28,731	11,492	17,239	12,354	16,377	(862)	862
	TIME SPLIT		90%	10%	99%	1%		
RESERVOIR SYS	REGULAR	53,265	47,938	5,326	52,732	533	(4,794)	4,794
OPERATOR	CLOTH.	550	495	55	545	6	(50)	50
	O.T.	6,261	5,635	626	6,198	63	(563)	563
	FRINGE	29,429	26,486	2,943	29,135	294	(2,649)	2,649
	TIME SPLIT		50%	50%	52%	48%		
DIR. MWS/D&R	REGULAR	146,599	73,300	73,300	76,232	70,368	(2,932)	2,932
CANAL OPERATION	CLOTH.	-	-	-	-	-	-	-
	O.T.	-	-	-	-	-	-	-
	FRINGE	75,061	37,531	37,531	39,032	36,029	(1,501)	1,501
	TIME SPLIT		40%	60%	39%	61%		
ADMIN. ASSISTANT	REGULAR	71,707	28,683	43,024	27,966	43,741	717	(717)
	CLOTH.	-	-	-	-	-	-	-
	O.T.	-	-	-	-	-	-	-
	FRINGE	36,711	14,684	22,027	14,317	22,394	367	(367)
	TIME SPLIT		90%	10%	97%	3%		
ASST. RESERVOIR	REGULAR	34,402	30,961	3,440	33,369	1,032	(2,408)	2,408
SYSTEM OPERATOR	CLOTH.	-	-	-	-	-	-	-
	O.T.	3,522	3,170	352	3,417	106	(247)	247
	FRINGE	16,237	14,613	1,624	15,750	487	(1,137)	1,137

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 (Continued) July, 2023 – June, 2024 Fiscal Year 2024 G&A Expenses Split

	TIME SPLIT		25%	75%	32%	68%		
SUPERVISOR	REGULAR	104,702	26,175	78,526	33,505	71,197	(7,329)	7,329
OPERATIONS MWS:	CLOTH.	-	-	-	-	-	-	-
WSA	O.T.	-	-	-	-	-	-	-
	FRINGE	53,625	13,406	40,218	17,160	36,465	(3,754)	3,754
	TIME SPLIT		93%	7%	98%	2%		
MAINTENANCE	REGULAR	41,644	38,729	2,915	40,811	833	(2,082)	2,082
WORKER 1	CLOTH.	-	-	-	-	-	-	-
	O.T.	221	205	15	216	4	(11)	11
	FRINGE	21,335	19,841	1,493	20,908	427	(1,067)	1,067
	TIME SPLIT		37%	63%	37%	63%		
SUPERVISING PLAN	REGULAR	67,580	25,005	42,575	25,005	42,575	0	(0)
OPERATOR	CLOTH.	550	204	347	204	347	-	-
	O.T.	4,356	1,612	2,744	1,612	2,744	(0)	0
	FRINGE	36,822	13,624	23,198	13,624	23,198	0	(0)
	TIME SPLIT		92%	8%	99%	1%		
MAINT WORKER I	REGULAR	50,669	46,615	4,054	50,162	507	(3,547)	3,547
	CLOTH.	550	506	44	545	6	(39)	39
	O.T.	-	-	-	-	-	-	-
	FRINGE	26,273	24,171	2,102	26,010	263	(1,839)	1,839
	TIME SPLIT		1%	99%	7%	93%		
PLANT OPERATOR	REGULAR	61,309	613	60,696	4,292	57,017	(3,679)	3,679
	CLOTH.	550	6	545	39	512	(33)	33
	O.T.	7,006	70	6,936	490	6,515	(420)	420
	FRINGE	35,474	355	35,119	2,483	32,991	(2,128)	2,128
	TIME SPLIT		90%	10%	98%	2%		
ASST. RESERVOIR	REGULAR	49,297	44,367	4,930	48,311	986	(3,944)	3,944
SYSTEM OPER-WSA	CLOTH.	550	495	55	539	11	(44)	44
	O.T.	3,731	3,358	373	3,657	75	(298)	298
	FRINGE	24,921	22,429	2,492	24,423	498	(1,994)	1,994
	TIME SPLIT		40%	60%	40%	60%		
FAC. MECHANIC-W	REGULAR	58,796	23,518	35,278	23,518	35,278	-	-
	CLOTH.	550	220	330	220	330	-	-
	O.T.	734	294	441	294	441	-	-
	FRINGE	30,532	12,213	18,319	12,213	18,319	0	(0)
	TIME SPLIT		94%	6%	97%	3%		
EQUIPMENT	REGULAR	43,049	40,466	2,583	41,757	1,291	(1,291)	1,291
OPERATOR	CLOTH.	550	517	33	534	17	(17)	17
	O.T.	369	347	22	358	11	(11)	11
	FRINGE	28,015	26,334	1,681	27,175	840	(840)	840
	TIME SPLIT		62%	38%	72%	28%		
WATER SUPPLY	REGULAR	70,782	43,885	26,897	50,963	19,819	(7,078)	7,078
TECH - WSA	CLOTH.	550	341	209	396	154	(55)	55
	O.T.	-	-	-	-	-	-	-
	FRINGE	36,772	22,799	13,973	26,476	10,296	(3,677)	3,677
		(60)	(40)	(50)	(40)	(50)	(40)	(50)
	REGULAR	1,843,616	846,925	996,691	940,838	902,778	(93,912)	93,912
	CLOTH.	11,550	5,352	6,199	5,907	5,643	(556)	556
	O.T.	81,907	30,429	51,478	34,470	47,437	(4,041)	4,041
	FRINGE	992,624	454,941	537,683	505,792	486,832	(50,850)	50,850
	GRAND TOTAL	2,929,696	1,337,647	1,592,049	1,487,006	1,442,690	(149,359)	149,359

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 16 - Estimate of Interest Income

Fiscal Year 2026 Budget

Fund/Reserve	TD Bank Funds	
Operating	\$6,650,000	
Reserve for O & M	1,605,000	
General Reserve (Rate Stabilization Fund)	41,000	
Pumping Reserve	155,000	
Self-Insurance Reserve	218,000	
Sediment Reserve	346,000	
Estimated Total	\$9,015,000	
	\$9,015,000 x4.00% =	\$360,600
	Total	\$360,600
	Estimate	\$360,600

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 17 - Unanticipated Revenue

			<u>Amount</u>
F/Y2024 Net Year-End Balance			\$ 594,250
Excess D/S Coverage FY2026			\$ 115,000
<u>Overdraft</u>	<u>Invoice No.</u>	<u>Inv. Date</u>	<u>Amount</u>
NJ American	MM-448-OD	23-Oct	\$ 23,797
	MM-448-OD	Oct-24	\$ 56,194
	MM-448-OD	Oct-24	\$ 1,722
	MM-455-OD	Feb-24	\$ 643
	MM-459-OD	Apr-24	\$ 813 ▼
Available for use in FY26			\$ 83,169
 <u>Additional Sources</u>			
 Total Available			 \$ 792,419
 Estimate for FY26			 \$ 792,420

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 18 - Fund Balances as of 6/30/24

	REVENUE FUND	OPERATING ACCOUNT	OPERATING FUND	O & M RESERVE	LONG TERM INVESTMENTS O & M RESERVE	TOTAL
BALANCE 6/30/2024						
(Does not include Debt Service payment)	\$53,276	\$2,550,106	\$5,494,606	\$604,939	\$1,015,148	\$9,718,075
Add: NJ-American, JCP&L expenses for June 2024			\$28,332			\$28,332
Deduct: Accrued expenses to be paid as of 6/30/24			(28,301)			(28,301)
Deduct: June 10th billing, received			(128,922)			(128,922)
Adjusted Balances 6/30/24	\$ 53,276	\$ 2,550,106	\$ 5,394,047	\$ 604,939	\$ 1,015,148	\$ 9,617,516
INCOME						
Operating Transfer	(310,000)		310,000			-
Receipt of WTP/TS G&A expenses for the month of June 2024, estimated July 2024 billing			250,000			250,000
EXPENSES						
O & M Expenses - (A/P-6/30/24) includes accrued payroll thru 6/30/24			(168,973)			(168,973)
Capital items to be purchased by 6/30/24 - estimated			100,000			100,000
Payment of Headquarters overhead expenses - to be paid 7/01			(192,500)			(192,500)
Contributions to Various Reserves- 7/24			(37,500)			(37,500)
ADJUSTED BALANCE AT 6/30/24	\$ (256,724)	\$ 2,550,106	\$ 5,655,074	\$ 604,939	\$ 1,015,148	\$ 9,568,543
Less: O & M Reserve Balance (Goal is 3 months O & M Expenses as dictated by Bond Resolution)						(917,364)
Balance of projected funds available						\$ 8,651,180
Use of Available Funds						
Unanticipated revenues (overdrafts in FY24 to be available to the General Fund for FY26) NJ American Water						\$ (23,797)
Appropriate FY24 net fund balance into the General Fund (Rate Stabilization) to be used for rate stabilization						(824,500)
Balance of funds to be used for future years						\$ 7,802,883

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 19 - Operations & Maintenance Expense Component and Debt Service Cost
Component Sales Base
Projected Fiscal Year 2026

USER	ALLOCATION (mgd)
Avon, Borough of	0.126
Belmar, Borough of	0.288
Brielle, Borough of	0.450
Keyport, Borough of	0.356
Matawan, Borough of	0.332
New Jersey American Water	12.500
Red Bank, Borough of	0.548
Sea Girt, Borough of	0.040
Shorelands Water Company (acquired by NJ American)	2.007
Lake Como, Borough of	0.100
Spring Lake, Borough of	0.310
Spring Lake Heights, Borough of	0.386
Wall Township	2.000
OPERATIONS & MAINTENANCE/DEBT SERVICE SALES BASE	19.443 mgd

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY AUTHORITY

Schedule 20 - Operations and Maintenance Rate Component (19.443mgd)
 Fiscal Year 2026

Funds Required for F/Y2026 Budget

Total Budget Requirements	\$	4,314,754
Miscellaneous Revenues	\$	(1,153,020)
Net Budget Requirement	\$	3,161,734
Less - Quarterly O&M payment on July 10, 2025 (cash received in July for water used in April, May and June of 2025 based on \$445.82/mg)	\$	(788,795)
Additional Revenue required from last three (3) Quarterly payments in F/Y2026 to cover Operations & Maintenance expenses through 6/30/26	\$	2,372,939

Computation of Operations & Maintenance Rate for Fiscal Year 2026

Required Operations & Maintenance Rate F/Y2026	$\frac{\$2,372,939}{5,322.52^*}$	=	\$	445.82/mg
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* Four (4) Quarters Sales =

	19.443 mgd x 365	=		7,096.70mg/yr
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Rate Calculation for Required revenues due for payment on
 10/10/, 1/10 and 4/10/:

Sales Base =	7,096.70 x 3/4	=		5,322.52/mg
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NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 21 - Computation of Delayed Water Purchase Debt Service Rates

NJAW – 1.000MGD CONTRACT - 07/01/01
1.935MGD CONTRACT – 10/01/02
1.500MGD CONTRACT – 01/01/05

Delayed Debt Service

Debt Service for Fiscal Year 2026 \$ 575,213

Debt Service Fund Interest Income and Other
Available Resources \$ -

Net Debt Service Obligation \$ 575,213

Coverage Requirement = Net Debt Service
Obligation x 20% \$ 115,043

Total to be Recovered by Rates \$ 690,256

Debt Service Rate Effective 7/01/25 \$ 690,256 = \$ 426.41mg
365 x 4.435/mgd = 1,618.78mg 1,618.78mg

Equalization Factor 12.51
\$ 438.92mg

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 22 - Computation of Base Debt Service Rates

INTAKE PUMP STATION BUILDING

Initial Water Purchasers (14.980 MGD) – 7/01/15
Shorelands Delayed Purchase Contract (.028MGD) – 7/01/06
NJ American Delayed Purchase Contract (4.435MGD)*

NJEIFP Debt Service for Fiscal Year 2026	\$	177,967		
Rate Equalization Adjustment				
Debt Service Rate Effective 7/01/2025	\$	177,967	=	\$ 25.08/mg
365 x 19.443/mgd =7,096.70mg		7,096.70mg		
Equalization Factor		(\$0.15)		
				\$ 24.93/mg

*Delayed Water Purchase Contracts
 NJ American 1.000mgd 07/01/01
 1.935mgd 10/01/02
 1.500mgd 01/01/05

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR SYSTEM

Schedule 23 - Bond Debt Service Coverage

Fiscal Year 2026
(7/1/25-6/30/26)

Revenues

Uninterruptible Water Sales	\$ 7,073,972
Interest Income	\$ 360,600
Total Revenues	<u>\$ 7,434,572</u>

Expenses

O&M Costs	\$ 3,201,042
Overhead Allocation	\$ 770,000
Total O&M	<u>\$ 3,971,042</u>
Cash Available for Debt Service - A	\$ 3,463,530
Net Debt Service Expense	\$ 575,213
Debt Service Coverage Calculation - A/B	6.02
Cash After Debt Service A-B	\$ 2,888,317

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR SYSTEM

Schedule 24 - Rehabilitation Reserve and Capital Improvement Program

Manasquan Reservoir Project Description	Renewal & Repl. Reserve	FY25	FY26	FY27	FY28	FY29+
Dam Emergency Contingency	\$ 400,000					
Pipeline Replacement Under I-195	\$1,500,000					
Pumping Equipment Replacement	\$650,000					
Replace Control Panel at Reservoir IO Building			\$55,000			
Paving Intake Parking Lot and Administration Parking Area			\$170,000			
Rehabilitation Pump and Motors at Reservoir & Intake Pumping Stations			\$40,000	\$40,000		
Traveling Water Screen Repair #1 & #8		\$160,000				
Security System Camera and DVR replacement				\$45,000		
Replace two Underground Fuel Storage Tanks with above ground					\$230,000	
Replace Septic System Drain Field and inlet pipe from building				\$150,000		
Connect 8 new piezometers to the res. Embankment			\$40,000			
Rehabilitation of T2 Transformer and Oil Change				\$40,000		
Replace Pumps (#1,,3,5)				\$150,000	\$250,000	\$320,000
Vapor Recovery System for Gasoline Storage Tank		\$25,000				
Replace 2 5 KVA Breakers in Substation				\$55,000		
Replace Balance of Metal Roof on Admin Portion of RPS Building					\$130,000	
Total*	\$2,550,000	\$185,000	\$305,000	\$480,000	\$610,000	\$320,000

**New Jersey Water Supply Authority
Manasquan Water Supply System**

Update of the Renewal and Replacement Reserve and Capital Improvement Program

Prepared by

**Paul McKeon, P.E., Director, Manasquan Water Supply System and
Delaware & Raritan Canal Operations**

**MANASQUAN WATER SUPPLY SYSTEM
RENEWAL/REPLACEMENT RESERVE & CAPITAL IMPROVEMENT PROGRAM
Fiscal Years 2025-2030
Updated August 2024**

Introduction

The New Jersey Water Supply Authority (Authority) operates and maintains the Manasquan Water Supply System including the Intake Facilities located in Wall Township, the Manasquan Reservoir located in Howell Township and 5-1/4 miles of 66-inch diameter pipeline which connects the Intake Facilities to the Reservoir. The Manasquan Water Supply System was constructed between 1987-1990 and commenced operation on July 1, 1990.

Construction of this system was financed by the issuance of Bonds under the authorization of Authority Bond Resolution No. 295 dated April 16, 1987. The Bond Resolution provides for rates for water use to include an excess payment of 20% (effective February 1, 1994) of the annual debt service, identified as 120% debt service coverage. During the initial years, this excess payment flowed into the debt service reserve account until an amount equal to 50% of the annual debt service had been accumulated. Thereafter, the 20% excess debt service is to be used to establish a Renewal & Replacement Reserve and to fund a Capital Improvement Program (CIP) for the facilities.

A Capital Improvement Program funded by the Renewal and Replacement Reserve was first recommended in September 1996. This is an update of the CIP.

The Renewal and Replacement Reserve for Extraordinary Operations and Maintenance Costs is fully funded as recommended.

Renewal and Replacement Reserve for Extraordinary Operations and Maintenance Costs

Problems with the Earthen Dam Embankments

The Manasquan Reservoir dam and dikes are inspected by the Authority's operations and engineering staff to provide early detection of situations which, if uncorrected, could lead to serious problems. There are no indications of problems with any of the embankments at the present time. It is unlikely that a major catastrophic dam failure will occur as a result of the weather. A more common occurrence would be surface erosion especially in areas where good turf is not established. The periodic inspection of the embankments shows good establishment of turf. On-site maintenance staff has implemented various measures to improve the grass cover on the dams. Continued long-term success of these measures is dependent on continued maintenance and weather.

The Reserve includes funds that can be used to repair any surface erosion that cannot be repaired by Authority maintenance forces.

Replacement of Pipe under Interstate Route 195

The Manasquan Reservoir pipeline is a 5-1/4 mile long, 66-inch diameter pre-stressed concrete cylinder pipeline (PCCP) constructed in the 1980s. A 380-foot-long section of 72-inch diameter PCCP was installed beneath Interstate Route 195 during its construction for use in connection with the pipeline between the reservoir pumping station and the reservoir. This section of pipe was manufactured by Interpace Co. in the late 1970's. This vintage PCCP is suspect because of the type

of pre-stressing wire used in its manufacture and the "inadequate" quality control used in the application of the mortar coating.

A rupture of this section of pipe could be catastrophic and result in major disruptions to Route 195. Repair costs could easily amount to several million dollars. Therefore, the section of pipe under Route 195 is dewatered and inspected tri-annually to monitor its condition. It was last inspected by two of the Authorities staff engineers in April of 2021 and found to be in satisfactory condition and with no change from 2016.

The entire length of the pipeline was inspected in December of 2021. The interior concrete lining was sounded with a 57-inch piece of black iron pipe with caps welded to the ends. The lining was continuously sounded for hollow regions that may be indicative of a loss of prestress and therefore exterior pipe distress. Sounding was carried out on both sides of the pipe approximately in the 2-4 o'clock range and the 8-10 o'clock range at approximately 6 to 12-inch intervals. Other features such as spalled concrete linings were noted throughout the inspection. The Manasquan Reservoir 66-inch pipeline is in good condition. The items noted during the internal inspection were minor in nature and are not indicative of pipeline distress.

\$1,500,000 is included in the Renewal and Replacement Reserve to insert a 66" diameter steel pipe into the PCCP under Route 195 or to replace other sections of pipe as needed.

Replacement of Pumps or Equipment

Five (5) 600-horsepower pumps are used at the Intake Pumping Station to pump water from the Manasquan River to the pre-sedimentation pond at the Reservoir Pumping Station. Five (5) 900-horsepower pumps are used at the Reservoir Pumping Station to pump water from the pre-sedimentation pond to the Reservoir. The estimated replacement cost for each unit, including a variable frequency drive, is \$750,000. Replacement costs for the units would be dependent on the problem but would be limited to the cost of replacement.

All pumps and motors have been physically inspected, vibration-tested and pump-efficiency-tested in 2013 with retesting of some units in 2016 through 2022. The reservoir pumps typically operate only 100 hours per year and at an average speed of only 630 rpm. Therefore, wear on these units is minimal. Additionally, three pumps have been refurbished recently and only two of the five river intake pumps have significant hours of use each year. However, it is appropriate to include funds in a Renewal & Replacement Reserve to rehabilitate or replace a single unit in case of an unforeseen failure or damage from lightning.

Furthermore, these funds could be used to rehabilitate or replace other major equipment such as a large 6000 KVA electrical transformer as well. The combined construction cost for the Intake Pumping Station and the Reservoir Pumping Station was approximately \$30,000,000 (1990 dollars). The recommended reserve of \$650,000 represents 2% of the total construction cost.

Planned Capital Improvements - Fiscal Years 2025-2030

Replace Control Panel at Reservoir IO Building

The control panel at the reservoir IO tower is 30 years old and only the reservoir dam indicators report automatically. The system should be upgraded to maintain reliability of control from the central location at the top level of the IO tower. Also, by replacing the panel with a PLC, staff will be able to combine all of the valve position information and operations onto one LCD display and relay this information back to the office in Wall using the FIOS service that is now installed in the building. Presently only one of the eight electric valves can be controlled from the office in Wall Township.

Paving Intake Parking Lot, Reservoir Turn around, Administration Parking Area

These parking and access areas are breaking apart and need to be milled and repaved. The area has 55 percent cracks that have been filled in with tar over the past five years. Many areas have low spots from settlement that results in puddling and ice patches.

Rehabilitation of large Motors

The motors have been in service for many years and develop oil leaks and problems needing attention.

Renovation of Traveling Water Screens

The eight traveling water screens at the Intake Pumping Station are in need of service over time. A 2015 inspection found all units to be in good condition except one, which was refurbished in 2016. In FY 2021 units #3 and #4 were rebuilt with new chains and sprocket teeth for just under \$50,000.00. Units #5 and #6 were rebuilt in FY 2023. It was determined that #1 and #8 will be in need of similar repairs and some additional underwater repair. Thus, funding is included to rehabilitate two more of the remaining seven units in 2024.

Security System Replacement at the Reservoir

In response to the Public Health Security and Bioterrorism Response Act of 2002 and an Executive Order issued on July 18, 2002 by the State of New Jersey identifying critical facilities that require vulnerability assessments, the Authority contracted with a consultant to develop a comprehensive security vulnerability assessment (VA) and implement recommendations of the VA. Recommendations were provided for changes in security policies and procedures, minimum and additional upgrades to the physical protection systems (PPS) and processes. Estimates of probable capital costs were developed for the minimum and additional PPS for system facilities.

A web-based, seven camera system and DVR was installed for the reservoir embankment and IO

tower area in FY2017. This system will need to be replaced with similar cameras and a new DVR and software by 2027. The system at the Administration building will also need to be replaced at that time.

Replace Two Underground Fuel Storage Tanks With Above Ground Steel Tanks

The existing underground storage tanks are over 33 years old and it is difficult to find an insurer for buried tanks of this age. The tanks and associated leak alarms should be replaced.

Replace the Entire Septic System for the Administration /RPS Building

The tank and field are over 30 years old which is the expected life of a septic system. Additionally, the 1000-gallon tank is too small for the number of people using the system.

Connect Eight New Piezometers to the Reservoir Embankment Continuous Monitoring System

This project is to install and set up solar powered wireless communications from the eight replacement piezometers to the existing ADAS computer system. It will also integrate the readings of the piezometers into the ADAS, scale the inputs and add the results to the existing trends.

Rehabilitation of T2 Transformer and Oil Change

The transformer oil was replaced in one of the two 15 KVA breakers in 2020. The oil in the other transformer should be replaced in 2027.

Replacement of Pumps at the Intake and Reservoir Pumping Station

There are five vertical turbine pumps with 600-hp motors at the Intake Pumping Station (IPS). There are five vertical turbine pumps with 900-hp motors at the Reservoir Pumping Station (RPS).

The Authority has undertaken a multi-faceted, multi-year program to service all ten pumps and motors at the intake and reservoir pump stations. The first phase, which began in 2003, includes the servicing of a pump at the RPS and a motor at the IPS each year. All pumps and motors were physically inspected; vibration tested and pump efficiency tested once per year. In 2016 through 2022, all were within acceptable performance tolerances. The clearwell was drained in 2023 and the bowls and impellers inspected. Three pumps had connection bolts replaced.

Refurbish RPS Pump #3

This pump has the most running hours of all the RPS pumps and should be refurbished.

Refurbish Intake Pump #5

Intake pump #5 will be in service for 36 years and will be in need of refurbishment as indicated by

the condition of pump #3 in 2021 and pump #2 in 2022.

Replace the Balance of Metal Roof on the Administrative Portion of RPS Building

Two thirds of the metal roof is original to the building in 1990. This portion of the roof needs to be replaced as there are several leaks during driving rains.

PART III – PROPOSED RULE AMENDMENTS

NEW JERSEY WATER SUPPLY AUTHORITY

AMENDMENTS TO THE SCHEDULE OF RATES, CHARGES AND
DEBT SERVICE ASSESSMENTS FOR THE SALE OF WATER FROM THE
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

To Become Effective July 1, 2025

The following rules and regulations can be found in the New Jersey Administrative Code under N.J.A.C. 7:11-4.1, et seq. Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

7:11-4.3 Operations and Maintenance Expense Component

(a) – (b) (No change.)

(c) Operations and Maintenance Expense Component:

<u>Effective Date</u>	<u>Rate/Million Gallons</u> (based upon a 19.443 per day sales base)
July 1, [2024] 2025	\$445.82

7:11-4.4 Debt Service Cost Component

(a) (No change.)

(b) A delayed water purchase surcharge will be assessed to all water purchasers who entered into a water purchase contract for an uninterruptible service commencing subsequent to the system operation date (delayed water purchase contract). This includes a purchaser under an Initial water purchase contract, which provides for an increase in the amount of Uninterruptible service effective subsequent to the system operation date.

1. The following debt service rate based on a sales base of 4.435 million gallons per day, applies to the delayed water purchase contract commencing July 1, 2001, October 1, 2002, and January 1, 2005. [in lieu of the debt service rate set forth in (b) above.]

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/ [2024] 2025 to	(Coverage 120%)
6/30/[2025] 2026	\$438.92

(c) (No change.)

7:11-4.5 Capital Fund Component

(a) (No change.)

(b) (No change.)

(c) Capital Fund Assessment – initial water purchase contract customers

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2024] 2025 to	\$525.00
6/30/[2025] 2026	

(d) (No change.)

(e) Capital Fund Assessment – delayed water purchase contract customers

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2024]2025 to	\$200.00
6/30/[2025]2026	

7:11-4.6 Source water protection fund component

(a) (No change.)

(b) The source water protection fund component is as follows:

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2024]2025 to	
6/30/[2025]2026	\$15.00

7:11-4.7 New Jersey Environmental Infrastructure Financing Program debt component

(a) (No change.)

(b) The New Jersey Environmental Infrastructure Financing Program debt component is as follows:

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2024]2025 to	
6/30/[2025]2026	\$24.93

Appendix I. Report of Mercadien PC – Allocation of Headquarters General and Administrative Expenses – FY 2026

Appendix II. Report of Mercadien PC – Allocation of Headquarters General and Administrative Expenses – Audited FY 2024 Expenditures