

Minutes of the Meeting of the
New Jersey Water Supply Authority
January 5, 2015

A regular meeting of the New Jersey Water Supply Authority was convened on January 5, 2015 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.

Senior Deputy Attorney Helene Chudzik read the statement required by the "Open Public Meetings Act".

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

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

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Oleg Kostin, New Jersey American Water
Frank Falco, Middlesex Water and East Brunswick
Gordon Sell, Friends of Spruce Run
Dave Shope, Self

Authority Staff Present:

Henry Patterson, Executive Director
Marc Brooks, Project Engineer I
Beth Gates, Director Finance and Administration
Kenneth Klipstein, Director Watershed Protection Programs
Susan Buckley, Controller
Paul McKeon, Manager Manasquan Water Supply System
Christopher Howard, Authorities Unit
Helene Chudzik - Deputy Attorney General

APPROVAL OF THE MINUTES

Acting Chair Fred Sickels opened the meeting by asking for the approval of the minutes of the December 1, 2014 meeting. Ms. Blew moved for the approval of the minutes as prepared and this motion was seconded by Mr. Iacullo. The minutes of the December 1, 2014 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated Spruce Run Reservoir is at 54 percent of capacity and rebounding; the Authority anticipates pumping water into Round Valley Reservoir in the spring upon reinstallation of the rehabilitated pumps at the South Branch Pumping Station. Mr. Patterson stated that the pre-public hearings on the FY2016 Manasquan and Raritan System rates will be held on January 8 and 9, 2015 respectively and the public hearings will be held on February 5 and 6, 2015. Mr. Patterson stated that the 2014 Annual Report will be posted on the Authority's website as required by law.

UNFINISHED BUSINESS

Mr. McKeon stated that everyone has a copy of the Operations Report for the Manasquan Reservoir System. Mr. McKeon stated that operations are normal and the Reservoir is full because of more than five inches of rainfall in December.

Mr. McKeon stated that everyone has a copy of the Report for the Manasquan Water Treatment Plant and Transmission System. Mr. McKeon stated that the construction activity at the Manasquan Water Treatment Plant is progressing with no issues reported and that water quality is good.

Mr. Patterson stated that everyone has a copy of the Operations and Engineering Report for the Raritan Basin System. Mr. Patterson stated that the combined storage of the Reservoirs is slightly below average for this time of year; water will be pumped into Round Valley Reservoir in the spring. Mr. Patterson updated the board on certain canal projects including the Multi-Use Trail in Lambertville, Swan Creek and the emergency repair at Cherry Tree Lane indicating that all were completed between December 29, 2014 and January 3, 2015.

Mr. Klipstein stated that everyone has a copy of his report and that there was nothing to add.

NEW BUSINESS

Ms. Gates updated the Board on the expiration and nonrenewal of the Terrorism Risk Protection Reauthorization Act which expired on December 31, 2014 and was not renewed by Congress. Ms. Gates stated that a lack of a federal backstop may impact premiums during the insurance renewal process for the policy period beginning March 1, 2015, or there may be voids in coverage.

Ms. Gates provided the background information on the Resolution approving the Annual Report of the New Jersey Water Supply Authority for Calendar Year 2014 as required by Executive Order 37. Ms. Gates stated that included with the packet is a Resolution for the Board's approval. Ms. Gates stated that the specific requirements of Executive Order 37 relative to the Authority's 2014 Annual Report are all included in the 2014 Annual Report. Ms. Gates stated that in accordance with law a letter will be sent to the Governor's Office and the Legislature that the Authority's Annual Report will be available on the Authority's website at www.njwsa.org. The State Library will be sent six (6) copies of the Annual Report. Mr. Havens moved the Resolution approving the Annual Report of the New Jersey Water Supply Authority for 2014. Mr. Mai seconded the motion for the Resolution. All Authority members approved the Resolution.

Ms. Gates presented an overview of the proposed rates for both the Manasquan Reservoir System and the Raritan Basin System that would become effective July 1, 2015.

MANASQUAN WATER SUPPLY SYSTEM - Ms. Gates reviewed revenue and expenses for the proposed FY2016 Manasquan Reservoir System budget and informed the Board that the proposed total rate for the initial water users is \$1,057.40 per million gallons and the proposed total rate for the delayed water users is \$1,190.86. Ms. Gates stated that expiring water contracts will result in a decrease in Sales Base for FY2016 of 402,000 gallons per day.

Ms. Blew 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. Mai seconded the motion. All Authority members approved the Resolution.

RARITAN BASIN SYSTEM - Ms. Gates reviewed revenue and expenses for the proposed FY2016 Raritan Basin System budget and informed the Board that the sales base increased from 182.271 to 182.339 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 \$167.00 to \$171.00 mgd in FY2016; 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 FY2016; and an increase in the Capital Fund Component from \$30.00 mgd to \$33.00 in FY2016. Ms. Gates stated that the revised rate for FY2016 will go from \$246.00 mgd to \$253.00 mgd.

Mr. Mai moved the Resolution with a corrected reference to FY2016 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. Havens seconded the motion. All Authority members approved the Resolution.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Audit - no report
- (d) Public Participation - no report
- (e) Capital Projects - no report
- (f) Insurance - no report
- (g) Watershed Lands Acquisition - no report

PUBLIC COMMENT

Mr. Shope asked about the date and time for the Raritan Basin System rates pre-public hearing. Mr. Shope commented on economic growth strategies as it relates to the Authority's 2014 Annual Report.

EXECUTIVE SESSION

There was no need for an Executive Session.

Mr. Havens moved to adjourn the meeting. Mr. Picco seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:19 P.M.

I hereby certify this to be a true and original copy of the January 5, 2015 New Jersey Water Supply Authority meeting minutes.



Beth Gates
Dir., Finance and Admin.