



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. BOX 5196 • CLINTON, N.J. 08809 • (908) 638-6121 • (908) 638-5241 (FAX)

Minutes of the Meeting of the
New Jersey Water Supply Authority
March 5, 2018

A regular meeting of the New Jersey Water Supply Authority was convened on March 5, 2018 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Clinton Administration Building, located at 1851 Route 31, Clinton, New Jersey.

As designated by Catherine McCabe, Acting Commissioner New Jersey Department of Environmental Protection and Chair New Jersey Water Supply Authority, Jeffrey Hoffman, State Geologist, Division of Water Supply and Geoscience, represented the New Jersey Department of Environmental Protection. Steven Picco served as Chair of the meeting and called the meeting to order.

Deputy Attorney General Jung Kim read the statement required by the "Open Public Meetings Act".

Executive Director Beth Gates took the roll call of the Authority members.

Present: Jeffrey Hoffman - by phone
Susan Blew - by phone
Ellsworth Havens - by phone
Robert Iacullo
Steven Picco

Absent: Shing-Fu Hsueh

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Robert Barth, D&R Canal Watch
Oleg Kostin, New Jersey American Water
David Brogle, Middlesex Water Company
Gordon Sell, Hunterdon Sailing Club

Authority Staff Present:

Beth Gates, Executive Director
Michelle Rollman, Executive Secretary II

Susan Buckley, Director Administration and Finance
Marc Brooks, Chief Engineer
Paul McKeon, Director Manasquan Water Supply System/D&R Canal
Kenneth Klipstein, Director Watershed Protection Programs
Alexander Michalchuk, Senior Project Engineer
Rita Shaw, Controller
Heather Desko, Senior Watershed Protection Specialist
Lauren LaRusso, Assistant Counsel, Authorities Unit
Jung Kim - Senior Deputy Attorney General

APPROVAL OF THE MINUTES

Vice Chair Picco opened the meeting by asking for the approval of the minutes of the December 18, 2017 meeting. Mr. Iacullo moved for the approval of the minutes as prepared and this motion was seconded by Mr. Havens. The minutes of the December 18, 2018 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Ms. Gates stated that everyone has a copy of her report. Ms. Gates added that because of the recent storm, the power is out at the Watershed building. The power company will be addressing the issue. Some tree debris removal was also necessary, but overall, Authority properties sustained very little damage. An additional storm is anticipated to begin on March 6, 2018 and the Authority is on the cusp of snow-fall demarcations predicting six-to-eight and eight-to-twelve inches.

COMMUNICATION/CORRESPONDENCE

Ms. Gates stated that a newspaper article regarding PennEast offers for easements on protected lands was provided to the Board.

UNFINISHED BUSINESS

Mr. McKeon reported on the Manasquan Reservoir System and the Manasquan Water Treatment Plant/Transmission System. Mr. McKeon stated that everyone has a copy of the Operations Report for the Manasquan System. Mr. McKeon noted that operations are running smoothly for the Manasquan system. Mr. McKeon stated that the Manasquan Reservoir is at full capacity and that the Treatment Plant is running with reservoir water only. New Jersey American Water has been taking less water than contracted because the Oak Glenn Plant has been offline for expansion.

Mr. McKeon reported that the filter underdrain project is complete and all three units are in service. The project to replace the electrical transformer is also complete. Both projects went smoothly and no change orders were required.

Mr. Brooks reported on the Raritan Basin System. Mr. Brooks stated that everyone has a copy of his report. The water level in the Spruce Run Reservoir has been increasing. The Spruce Run Reservoir is at 77 percent of capacity and Round Valley Reservoir is at 76 percent of capacity. The combined capacity is at 76.26 percent, while the typical capacity for this time of year is 92.2 percent.

Mr. Brooks reviewed the conditions and subsequent actions relative to the previously reported seepage at the Griggstown Lock area on the Canal.

Mr. Brooks reported on the status of the Canal Dredging Project. A contract has been executed with J.F. Brennan Company, Inc. of La Crosse, Wisconsin. A pre-construction meeting was held last month. Tree trimming and cutting will begin next week. In April and May the contractor will mobilize to set up the access areas and staging area. Actual dredging will begin in July of 2018.

Mr. Brooks reported on the Round Valley Dam Rehabilitation Project. Mr. Brooks is anticipating receipt of schematic design reports on the embankments in the next week. Plans and specifications for grouting are being finalized. A draft plan and specifications have been received for dredging the South Dam Tower. Mr. Brooks stated that final revisions and comments are being made to the security schematic design reports. Mr. Brooks anticipates that the grouting work will begin in 2018, the embankment work will begin in 2019, and the dredging will begin either late in 2018 or early 2019.

Mr. Brooks stated that the schematic design report has been received for the Landing Lane Spillway.

Mr. Brooks reported on change orders. Mr. Brooks stated that Princeton University applied for a permit from the Canal Commission to require the Authority to provide plans and specifications for directional bores under the canal for electric lines. The Authority executed a contract with Mott McDonald on July 6, 2017 for a not to exceed fee of \$7,500.00 to complete this work. Additional onsite inspection during construction was recommended for an additional sum not to exceed \$9,500.00. The Chair of the Capital Projects Committee approved this change order to raise the total contract value to \$17,000.00.

Mr. Brooks stated that both of the contracts for the consultants on the Technical Review Board were amended. On January 22, 2018, Paul Geotek submitted a proposal in the amount of \$23,500.00 to bring the total contract with Paul Geotek Engineering, LLC of Arvada, Colorado to \$75,665.66. Mr. Brooks

stated that the Technical Review Board contract with GeoSystems was amended in the amount of \$19,300.00 to bring that total contract to \$100,939.03. Both amendments were approved by the Chair of the Capital Projects Committee.

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

NEW BUSINESS

Ms. Buckley referred to the staff memo on the Unaudited Financial Statements for the six months ending December 31, 2017. Ms. Buckley stated that the unaudited financial statements can be viewed on the Authority's website and were distributed to the interested parties as required by bond resolutions. Ms. Buckley stated that results are favorable with a change in net position of \$4.7 million in comparison to \$3.3 million for the prior year. Ms. Buckley highlighted the significant items in the statements. Ms. Buckley stated that no action is required by the Board today.

Ms. Buckley provided the background information on the Resolution ratifying the Executive Director's placement of the Authority's March 1, 2018 - March 1, 2019 Insurance Program. Ms. Buckley noted that Resolution 2323, authorized by the Board in November of 2017, authorized the renewal of the Authority's insurance coverage. The Authority's insurance broker received final proposals for all lines of coverage on February 5, 2018. Following analysis and review, the Authority's Risk Management Consultant along with Authority Staff and the Chair of the Insurance Committee determined that the proposed terms were competitive with current market conditions. The premiums for 2018 total \$1,432,675 which is a less than one percent increase relative to 2017. Mr. Havens moved the Resolution ratifying the Executive Director's placement of the Authority's March 1, 2018 - March 1, 2019 Insurance Program. Ms. Blew seconded this motion. All Authority members approved of this resolution.

Ms. Buckley provided the background information on the Resolution authorizing the Executive Director to amend the Royce Brook Golf Club LLC water use renewal application for a term limit consistent with the NJDEP Bureau of Water Allocation Permit. Ms. Buckley stated that in October the Board approved a five year contract renewal for the Royce Brook Golf Club with no changes in terms of 0.184 million gallons per day ("mgd") of which 0.165 is deemed consumptive for golf course irrigation purposes. In December, subsequent to the approval, Royce Brook submitted a request to extend the renewal to a ten-year term to run concurrent with their water allocation permit. The revised term would be for

the period of January 1, 2018 through June 30, 2028. Mr. Picco inquired into the reasoning of establishing a ten-year end date to the contract rather than creating language to make the contract exactly concurrent with the water allocation permit, which is not a fixed date at this time. Ms. Gates indicated that a firm termination date is necessary to accommodate the Authority's contract renewal process.

Ms. Blew moved the Resolution authorizing the Executive Director to amend the Royce Brook Golf Club LLC water use renewal application for a term limit consistent with the NJDEP Bureau of Water Allocation Permit. Mr. Iacullo seconded the motion for the Resolution. All Authority members approved the Resolution.

Mr. McKeon provided the background information on the Resolution authorizing the Executive Director to enter into a purchase agreement for Polyaluminum Chloride for the Manasquan Water Treatment Plant, Wall Township, Monmouth County. Mr. Picco noted that this purchase agreement is an annual housekeeping resolution.

Mr. Havens moved the Resolution authorizing the Executive Director to enter into a purchase agreement for Polyaluminum Chloride for the Manasquan Water Treatment Plant, Wall Township, Monmouth County. Mr. Iacullo seconded the motion for the Resolution. All Authority members approved the Resolution.

Heather Desko provided the background information on the Resolution Authorizing the Executive Director to enter into a Professional Services Contract for the development of Manasquan Reservoir System aquatic plant and cyanobacteria management plans. Ms. Desko stated that the Manasquan Reservoir has experienced a recent increase in cyanobacteria blooms (also referred to as Blue-Green Algae) and in the population of Hydrilla and Fanwort, two highly invasive aquatic plants.

On December 8, 2017, the Authority issued a request for proposals ("RFP") from qualified professional consulting firms to perform five interrelated tasks including the development of an aquatic plant and cyanobacteria management plan; preparation of a cyanotoxin management plan for the Manasquan system based on USEPA guidance; monitoring; annual plan adjustments; and outreach and education development. The RFP was advertised, posted and emailed to seven firms, in accordance with Authority policies. Two statements of qualifications and technical proposals were received by January 17, 2018 and were determined to be technically responsive. The proposal from Princeton Hydro of Ringoes, New Jersey was ranked as the top proposal overall. Authority staff received approval from the Capital Projects Committee Chair to invite both firms to submit fee proposals which were received on

February 5, 2018. Ms. Desko described the process and assumptions through which the proposals were equalized to create a basis for comparison. After all scopes of services were considered the proposal from Princeton Hydro was judged to be competitive. Staff recommends that a contract be awarded to Princeton Hydro from Ringoes, New Jersey for a reimbursable cost not to exceed amount of \$239,420.00. Ms. Desko noted that sufficient funds are available in the Manasquan Source Water Protection Fund.

Mr. Picco asked Authority staff to brief the Deputy Attorney General on the evaluation process. It was agreed that Ms. Kim would review the Authority process for equalizing fee proposals.

Mr. Havens moved the Resolution Authorizing the Executive Director to enter into a Professional Services Contract for the development of Manasquan Reservoir System aquatic plant and cyanobacteria management plans, WSA-R18022. Ms. Blew seconded this motion. All Authority members approved of this 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. Barth introduced himself as a representative of the D&R Canal Watch. Mr. Barth distributed a schedule of activities presented by the D&R Canal Watch for 2018 and invited all to attend.

Mr. Sell introduced himself as a representative of the Hunterdon Sailing Club. Mr. Sell is grateful for the rising water levels in the reservoir and stated that the Hunterdon Sailing Club has 36 children and 24 adults participating in the Hunterdon Sail Course this year.

Ms. Gates introduced Lauren LaRusso as the new Assistant Counsel for the Governor's Authorities Unit assigned to the Water Supply Authority. Ms. LaRusso was welcomed.

EXECUTIVE SESSION

Deputy Attorney Jung Kim read the statement to go into Executive Session. Mr. Iacullo moved the motion to go into Executive Session which Mr. Havens seconded. All Authority members approved the motion.

RETURN TO PUBLIC SESSION

Mr. Iacullo moved the motion that the meeting be placed back into public session. Mr. Havens seconded this motion. All Authority members approved the motion.

Mr. Picco moved to adjourn the meeting. Mr. Iacullo seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:37 P.M.

I hereby certify this to be a true and original copy of the March 5, 2018 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman
Michelle Rollman
Executive Secretary II



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. BOX 5196 • CLINTON, N.J. 08809 • (908) 638-6121 • (908) 638-5241 (FAX)

Minutes of the Executive Session
New Jersey Water Supply Authority
March 5, 2018

There was a need for an Executive Session to discuss legal matters regarding Authority property. Deputy Attorney Jung Kim read the statement to go into Executive Session. Mr. Iacullo moved the motion to go into Executive Session which Mr. Havens seconded. All Authority members approved the motion.

The Board discussed the response by the State Department of the Attorney General and the Department of Environmental protection to proposals from the PennEast Pipeline Project regarding property easements as they pertain to Authority property.

Mr. Iacullo moved to go back into the regular Board Meeting. Mr. Havens seconded the motion. All Authority members approved the motion.

I hereby certify this to be a true and original copy of the March 5, 2018 New Jersey Water Supply Authority Executive Session Meeting minutes.

Michelle Rollman

Michelle Rollman
Executive Secretary II