

NEW JERSEY WATER SUPPLY AUTHORITY

P.O. BOX 5196 • CLINTON, N.J. 08809 • (908) 638-6121 • (908) 638-5961 (FAX)

Minutes of the Meeting of the New Jersey Water Supply Authority

May 5, 2014

A regular meeting of the New Jersey Water Supply Authority was convened on May 5, 2014 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Administration Building located at 1851 Highway 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 General Helene P. Chudzik read the statement required by the "Open Public Meetings Act".

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

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

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Oleg Kostin, New Jersey American Water
Frank Falco, Middlesex Water Co. & East Brunswick Township
Dave Shope, Self
Charles Engler, Friends of Spruce Run

Authority Staff Present:

Henry S. Patterson, Executive Director
Zenona I. Puć, Executive Secretary II
Edward Buss, Chief Engineer
Beth Gates, Director Finance & Administration
Michael Citarelli, Chief Financial Officer
Paul McKeon, Manager Manasquan Reservoir System
Helene Chudzik, Sr. Deputy Attorney General
Christopher Howard, Counsel, Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Sickels opened the meeting by asking for the approval of the minutes of the March 3, 2014 meeting. Mr. Havens moved for the approval of the minutes as prepared and this motion was seconded by Mr. Mai. The minutes of the March 3, 2014 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson noted that everyone has a copy of his report. Mr. Patterson stated that Raritan River flooding on May 1 resulted in a breach to the Canal in South Bound Brook Borough. Mr. Patterson stated that a resolution is included in the packet for approval of the emergency action taken over the weekend. Mr. Sickels commended Authority staff for an excellent response to the breach over the weekend. Mr. Sickels also stated that conference calls, coordination with the water customers and the great information given out was done in a very orderly manner. Mr. Sickels stated that NJDEP was very confident that everything was being taken care of properly.

Mr. Patterson stated that the Technical Review Board which considered independently the instrumentation and other data which predict the condition of the Spruce Run and Round Valley Reservoirs met on April 28, 29, 30 and May 1. Mr. Patterson stated that their report is pending.

Mr. Patterson stated that Public Hearings for the proposed Fiscal Year 2015 Schedule of Rates Charges and Debt Service Assessments were held for the Manasquan Reservoir System on Thursday, April 3, 2014 and for the Raritan Basin System on Friday, April 4, 2014. Mr. Patterson stated that the public hearing record ends on May 12, 2014. Final action on the proposed rates is scheduled for the Authority's July 7, 2014 meeting.

Mr. Patterson reminded all Commissioners that their Annual Financial Disclosure Statements are due by the May 15, 2014 deadline.

COMMUNICATIONS/CORRESPONDENCE

There were no items of correspondence and communications.

UNFINISHED BUSINESS

Mr. McKeon provided a report on the Manasquan Reservoir System and noted that everything is normal, the reservoir is full. On April 14, 2014, the reservoir storage elevation was 102.8 feet with a storage volume of 4.61 billion gallons, 98.8 percent of capacity.

Mr. McKeon stated that the construction project at Manasquan Water Treatment is almost complete with only minor punch list items and site work remaining.

Mr. Buss reported on the breach at the embankment of the Canal in South Bound Brook at approximately Station 2699+00 along Weston Canal Road in South Bound Brook Borough. Mr. Buss stated that the towpath is closed. Mr. Buss stated that a Portadam was installed to protect the embankment and ensure the uninterrupted flow of water in the Canal.

Mr. Havens asked how long will complete construction take and what the impact on the water users would be during that time. Mr. Buss stated that full repairs to the Canal would be approximately two months. Mr. Buss stated that with the Portadam in place the water customers should not have any issues.

Mr. Buss reported that operations and maintenance activities are normal for this time of the year. Spruce Run and Round Valley Reservoirs are above average for the end of April.

Mr. Patterson stated that a copy of Mr. Klipstein's report is included in the Agenda Packet. Mr. Patterson asked if anyone had any questions, no questions were asked.

NEW BUSINESS

Ms. Gates provided the background information on the resolution ratifying the actions of the Executive Director's placement of the Authority's March 1, 2014 - March 1, 2015 Insurance Program. Ms. Gates reviewed the insurance program's total premium and discussed the policies, coverages, deductibles, policy limits and policy premiums. The Authority adopted Resolution No. 2126 at its December 2, 2013 meeting, authorizing the Executive Director to obtain quotations and to renew the insurance coverage effective March 1, 2014 with the permission of the Chair of the Insurance Committee. Mr. Patterson reviewed the entire insurance program with the Chair of the Insurance Committee and received his approval prior to the placement of the insurance. Ms. Gates stated that the renewal numbers came in at \$85,000 lower than expected for FY2015 the budget. Mr. Havens moved the Resolution ratifying the Executive Director's placement of the Authority's March 1, 2014 to March 1 2015 Insurance Program. Ms. Blew seconded the motion. All Authority members approved of this resolution.

Ms. Gates provided the background information on the Resolution authorizing the Executive Director to negotiate and execute a contract with the Washington Township Municipal Utilities Authority (WTMUA) for an increase in existing Uninterruptible Service from the Raritan Basin System for its uninterruptible supply contract from .164 million gallons per day (mgd) to .232 mgd, of which .035 mgd is deemed consumptive, for public water supply purposes, for the period of July 1, 2014 through April 30, 2023. Ms. Gates stated that the increase is necessary as the USEPA has requested the WTMUA to extend its public water supply into the Township of Chester to provide

potable water to homes affected or at risk of contamination from pollution. Ms. Gates also stated that the water would be withdrawn from twelve existing groundwater wells and one new well being constructed on WTMUA's property in Washington Township, NJ. Ms. Gates stated that WTMUA met the standards imposed on the application.

Mr. Sickels stated that DEP is working with the EPA on a more robust interconnection between some of the other purveyors in that region that serves some of the Washington's service area.

Mr. Mai asked if this is a permanent increase. Ms. Gates said yes it is.

Mr. Mai moved the Resolution authorizing the Executive Director to negotiate and execute a contract with the Washington Township Municipal Utilities Authority for an increase in existing Uninterruptible Service from the Raritan Basin System from .164 million gallons per day (mgd) to .232 mgd, of which .035 mgd is deemed consumptive, for public water supply purposes, for the period of July 1, 2014 through April 30, 2023, in Washington Township, New Jersey. Ms. Blew seconded the motion. All Authority members approved the resolution.

Mr. Buss provided the background information on the Resolution authorizing the award of a Purchase Order for a replacement loader/backhoe with a hydraulically operated thumb attachment.

Mr. Buss explained that advertisements for bids were published in four (4) newspapers of general circulation and the advertisement was also posted on the Authority's and the State's websites. Three (3) bids were received and opened. Mr. Buss provided the details of the amounts of the bids received and the amount budgeted for this project. Mr. Mai asked if this equipment was available under State contract; it is not. Mr. Mai moved the Resolution authorizing the award of a Purchase Order for a replacement loader/backhoe with a hydraulically operated thumb attachment for the Raritan Basin System to Powerco, Inc. of Clinton, NJ in the amount of \$88,910. Ms. Blew seconded the motion. All Authority members approved of this resolution.

Mr. McKeon provided the background information on the Resolution authorizing the Executive Director to enter into a contract for improvements to the office area HVAC System at the Manasquan Water Treatment Plant (MWTP) to Multi-Temp Mechanical, Inc. of Westville, NJ. Mr. McKeon stated that the Authority operates the MWTP for the Southeast Monmouth Municipal Utilities Authority (SMMUA). Mr. McKeon stated that by Resolution No. 1807, dated December 3, 2007, the Authority authorized a contract to be executed with Malcolm Pirnie for the preparation of an asset management plan and 20 year capital improvement plan for the MWTP. Mr. McKeon stated that as part of the process, the consultant inspected all significant assets and systems in the MWTP. The asset management plan and 20 year capital

improvement plan recommended a replacement of portions of the heating, ventilating and air conditioning systems at the MWTP. Mr. McKeon explained that the existing office area HVAC unit is worn from twenty-four years of use at the MWTP.

Mr. McKeon explained that advertisements for bids were published in four (4) newspapers of general circulation and the advertisement was also posted on the Authority's and the State's websites. Three (3) bids were received and opened. Mr. McKeon provided the details of the amounts of the bids received. Mr. Mai moved the Resolution authorizing the Executive Director to enter into a contract for improvements to the office area HVAC System at the Manasquan Water Treatment Plant to Multi-Temp Mechanical, Inc. of Westville, NJ for a lump sum price of \$34,700.00. Mr. Picco seconded the motion. All Authority members approved of this resolution.

Resolution authorizing the award of a Professional Services contract for the Upgrade of the Fueling System at the Manasquan Reservoir Water Supply System Administration Facilities to T&M Associates of Middletown, NJ. Mr. McKeon stated that there is a need to retain the services of a professional engineering consultant for the evaluation of the existing equipment and design, selection, bidding and construction management for fueling system dispensers, inventory monitoring and leak alarm systems upgrade. Mr. McKeon stated that letters of solicitation were advertised for Statements of Qualifications and Technical Proposals and were published in three (3) newspapers of general circulation and the advertisement was also posted on the Authority's and the State's websites. Mr. McKeon stated that four (4) technical proposals were received and were evaluated by staff. Mr. McKeon stated that with the approval of the Chair, Capital Projects Committee three (3) respondents were invited to submit fee proposals. Mr. McKeon stated that the three (3) fee proposals were opened and evaluated. Mr. McKeon provided the details of the negotiations with the top rated firm, Hatch Mott MacDonald. The negotiations were terminated when their best and final fee proposal was unacceptable. Mr. McKeon discussed negotiations with Maser Consulting P.A., the firm with the second highest rated proposal. The negotiations were also terminated when their best and final offer was also unacceptable. The technical and fee proposal of the firm that submitted the third highest rated proposal was found to be acceptable. Mr. Havens moved the Resolution authorizing the Executive Director to award a contract for Professional Services for the Upgrade of the Fueling System at the Manasquan Reservoir Water Supply System Administration Facilities to T&M Associates of Middletown, NJ for a lump sum amount of \$29,800.00. Mr. Picco seconded the motion. All Authority members approved of this resolution.

Mr. McKeon provided the background information on the Resolution authorizing the award of a contract for the replacement of 40,000 pounds of granular activated carbon at the Manasquan Water Treatment Plant to Calgon Carbon Corporation of Pittsburgh, PA. Mr. McKeon

stated that the Authority replaces, on an annual basis, 40,000 pounds of granular activated carbon housed in two of the six contactors at the Manasquan Water Treatment Plant. Mr. McKeon explained that advertisements for bids were published in three (3) newspapers of general circulation and the advertisement was also posted on the Authority's and the State's websites. Two (2) bids were received and opened. Mr. McKeon provided the details of the amounts of the bids received and the amount budgeted for this project. Ms. Blew moved the Resolution authorizing the award of a contract for the replacement of 40,000 pounds of granular activated carbon at the Manasquan Water Treatment Plant with Cagno Carbon Corporation of Pittsburgh, PA for a lump sum of \$49,980.00. Mr. Mai seconded the motion. All Authority members approved of this resolution.

Mr. Buss provided the background information on the Resolution ratifying the actions of the Executive Director for the repair of the Canal embankment along Weston Canal Road in South Bound Brook Borough, Somerset County. Mr. Buss referred to the pictures that were distributed and gave a description of the project and noted that permanent repairs are needed. Mr. Buss stated that the authorization includes engineering services, stabilization and repairs to the embankment. Mr. Buss stated that the Acting Authority Chair and the members of the Capital Projects Committee authorized the Executive Director to initiate emergency repairs to the embankment which are estimated not to exceed \$500,000. Mr. Buss stated that IEW has a "force account" contract with NJDOT for emergency road repair. Under a "force account" contract, the vendor agrees to provide services at predetermined unit costs for labor, equipment, overhead and profit.

The contract also provides for subcontractors to be hired by the prime contractor and details the allowable markups for overhead and profits. Mr. Buss stated that on Thursday night, May 1, 2014, IEW mobilized to the site. Mr. Buss stated that IEW also retained the services of Portadam to begin installing a temporary dam. Mr. Buss stated that the Authority also retained Hatch Mott MacDonald to complete the design for this emergency repair.

Mr. Havens moved the Resolution authorizing up to \$500,000 for emergency repairs to the Canal embankment and ratifying the actions of the Executive Director in awarding a contract to Hatch Mott MacDonald for engineering services to design the emergency repair to the embankment and further ratifies the actions of the Executive Director in awarding a contract to IEW for completion of said emergency repairs to the embankment. Mr. Mai seconded the 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 Committee - no report

PUBLIC COMMENT

Mr. Engler noted that the Hunterdon County Sailing Club is celebrating their 50th Anniversary this year. Mr. Engler also stated that a world class archery center will be built across from the Spruce Run Recreation area entrance.

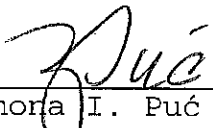
Mr. Shope commented on the Washington Township Municipal Utilities Authority's contract. Mr. Shope also stated that in his observation of the Board Members of the Authority and the Highlands Council that there is no representative for land owners.

EXECUTIVE SESSION

There was no need for an Executive Session.

Mr. Mai moved to adjourn the meeting. Mr. Havens seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:30 P.M.

I hereby certify this to be a true and original copy of the May 5, 2014 New Jersey Water Supply Authority meeting minutes.



Zenora I. Puć
Executive Secretary II