



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the New Jersey Water Supply Authority

October 5, 2015

A regular meeting of the New Jersey Water Supply Authority was convened on October 5, 2015 at 2:05 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, Karen Fell, Assistant Director Division of Water Supply and Geoscience, served as Acting Chair of the meeting and called the meeting to order.

Senior Deputy Attorney General Helene 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: Karen Fell, Acting Chair
Susan Blew
Ellsworth Havens
Shing-Fu Hsueh - by phone
Robert Iacullo - Absent
Louis Mai - Absent
Steven Picco

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Jay Halsted, Hunterdon Sailing Club
Oleg Kostin, New Jersey American Water
William Maxwell, Middlesex Water Co.
Gordon Sell, Hunterdon Sailing Club
Dave Shope, Self

Authority Staff Present:

Henry S. Patterson, Executive Director
Beth Gates, Director Finance and Administration
Susan Buckley, Controller
Michelle Rollman, Administrative Assistant
Marc Brooks, Chief Engineer
Paul McKeon, Director Manasquan Water Supply System/D&R Canal

Kenneth Klipstein, Director of Watershed Protection
Julie Shelley, Property and Permit Administrator
Helene Chudzik, Senior Deputy Attorney General - by phone
Lisa R. LeBoeuf, Governor's Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Fell asked for a motion for approval of the Minutes of the August 3, 2015 meeting. Ms. Blew moved the motion approving the Minutes as prepared and the motion was seconded by Mr. Havens. The Minutes of the August 3, 2015 were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated that everyone has a copy of his report.

Mr. Patterson stated that a dry summer with below average rainfall has resulted in low storage levels for all reservoirs. Mr. Patterson noted that the recent rainfall provided a slight increase in the water levels.

Mr. Patterson stated that on September 23, the New Jersey Department of Environmental Protection issued a drought watch for New Jersey's Northeast, Central, and Coastal North water supply regions, which includes this area.

Mr. Patterson stated that the Authority's Audit Committee usually meets in October of each year. Mr. Patterson stated that this year, the Audit Committee expects to meet in November to accommodate a new auditing pronouncement requiring the Authority to book its proportionate share of PERS' unfunded liability. Mr. Patterson stated that because PERS is a cost sharing, multiple-employer defined benefit plan, the Authority relies on the State of New Jersey for the necessary information. Mr. Patterson stated that the State procured a vendor to calculate this number for all members and does not expect the work to be finished until the end of September.

COMMUNICATIONS/CORRESPONDENCE

Mr. Patterson stated that there were no communications or correspondences received.

UNFINISHED BUSINESS

Mr. McKeon provided the operations report for the Manasquan Water Treatment Plant/Transmission System. Mr. McKeon stated that, Manasquan was at 65 percent for September which is a low record for the month of September. Recent rains have brought the level up to 68 percent. Mr. McKeon stated that operations crew is working on getting the main breakers replaced and clearing the toe drains at

the Manasquan Reservoir which is done twice a year. Mr. McKeon also discussed the replacement of clarifier grates at the water treatment plant.

Mr. Brooks reported that maintenance dredging was performed by Authority forces between Cherry Tree Lane and Whitehead Road in Lawrence Township.

Mr. Brooks reported that the combined storage in the Spruce Run and Round Valley Reservoirs is approximately 77 percent.

Mr. Brooks discussed a pinhole leak that was noted on the release pipes in the Spruce Run Vault. Authority Staff shut down half of the release at Spruce Run and inspections were made last Friday, October 2, 2015.

Mr. Brooks reported on the process and progress of the Technical Review Board (TRB). Members of the TRB and Authority staff met during the week of July 13. The TRB provided a draft report which is currently being reviewed by staff. The TRB will reconvene to perform a Potential Failure Mode Analysis for Spruce Run Dam.

Mr. Brooks reviewed the progress of additional projects including the rehabilitation of the Cherry Tree Lane Spillway.

Mr. Brooks stated that the refurbishment of Pump Assemblies #1 and #6 are completed. Mr. Brooks stated that the pumps have been returned to the SBPS. Mr. Brooks stated that the contractor has started the reinstallation of the base plates. Once in place, the pumps and motors can be installed and prepared for testing.

As required by the Authority's By-Laws, Mr. Brooks reviewed three change orders under \$25,000 that were approved by the Chair of the Capital Projects Committee since the last Board meeting.

Mr. Klipstein stated that a change has been made to the NJDEP grant, Addressing Agricultural Nonpoint Source Pollution in Priority Watersheds of the Raritan Basin. Mr. Klipstein reported that the agreement with the North Jersey Resource Conservation and Development Council for farm outreach was severed. A new agreement has been entered with the USDA Natural Resource Conservation Service to establish a jointly funded agricultural specialist position.

NEW BUSINESS

Ms. Gates provided the background information on the Resolution authorizing the execution of a Risk Management Consulting Services Agreement. Ms. Gates stated that a Request for Proposals was advertised and three consultants submitted proposals. The proposals were reviewed. With approval of the Insurance Committee Chair, the fee proposals of the three ranked firms were opened. Ms. Gates discussed the amounts of the fee proposals from the three rated firms and the negotiation of the final total fee with the top ranked firm. Ms. Gates stated that this resolution would authorize entering into a one-year contract for program review and remarketing, with the option to renew for two consecutive one-year periods for general consulting services. The top rated firm has had a contract with the Authority for the past three years. Mr. Picco moved the Resolution authorizing the execution of a Risk Management Consulting Services Agreement with Albert Risk Management Consultants of Needham, MA for a total cost not to exceed \$29,000. Mr. Havens seconded the motion on the resolution. All Authority members approved the resolution.

The Resolution Authorizing Execution of the Renewal of a D&R Canal Transmission Complex Utility Lease Agreement with the Transcontinental Gas Pipe Line Company for an existing 42" gas pipeline under the D&R Canal in Franklin Township, Somerset County (agenda item B) was introduced. Mr. Patterson requested advice from Ms. Chudzik to ascertain if this resolution could be voted together with agenda item C, the Resolution Authorizing Execution of the Renewal of a D&R Canal Transmission Complex Utility Lease Agreement with the Transcontinental Gas Pipe Line Company for an existing 24" Gas Pipeline Under the D&R Canal in Lawrence Township, Mercer County. Ms. Chudzik confirmed that agenda items B and C could be voted together.

Ms. Shelley provided the background information on the Resolution authorizing the execution of the renewal of a D&R Canal Transmission Complex Utility Lease Agreement with the Transcontinental Gas Pipe Line Company for an existing 42" gas pipeline under the D&R Canal in Franklin Township, Somerset County. Ms. Shelley stated that the leased area encompasses a total of approximately 8,750 square feet of State property owned by the New Jersey Department of Environmental Protection and approximately 1,250 square foot portion of which is administered by the New Jersey Water Supply Authority (Authority) as part of the Transmission Complex. Ms. Shelley stated that the 1968 lease has expired and TRANSCO desires to renew the expired agreement with the Authority for surface and subsurface rights of access to the D&R Canal to operate and maintain the 42" gas pipeline for a term of twenty (20) years at an annual total lease payment of \$351.40, subject to an annual escalation factor of 2.5 percent.

Ms. Shelley provided the background information on the Resolution authorizing the execution of the renewal of a D&R Canal Transmission Complex Utility Lease Agreement with the Transcontinental Gas Pipe Line Company for an existing 24" gas pipeline under the D&R Canal in Lawrence Township, Mercer County. Ms. Shelley stated that the leased area encompasses a total of approximately 16,550 square feet of State property owned by the New Jersey Department of Environmental Protection and approximately 1,250 square feet portion of which is administered by the New Jersey Water Supply Authority (Authority) as part of the Transmission Complex. Ms. Shelley stated that the 1968 lease has expired and TRANSCO desires to renew the expired agreement with the Authority for surface and subsurface rights of access to the D&R Canal to operate and maintain the 24" gas pipeline for a term of twenty (20) years at an annual total lease payment of \$308.00, subject to an annual escalation factor of 2.5 percent.

Ms. Blew moved both the Resolution authorizing the execution of the renewal of a D&R Canal Transmission Complex Utility Lease Agreement with the Transcontinental Gas Pipe Line Company for an existing 42" gas pipeline under the D&R Canal in Franklin Township, Somerset County for a term of twenty (20) years at an annual total lease payment of \$351.40, subject to an annual escalation factor of 2.5 percent; and the Resolution authorizing the execution of the renewal of a D&R Canal Transmission Complex Utility Lease Agreement with the Transcontinental Gas Pipe Line Company for an existing 24" gas pipeline under the D&R Canal in Franklin Township, Somerset County for a term of twenty (20) years at an annual total lease payment of \$308.00, subject to an annual escalation factor of 2.5 percent. Mr. Havens seconded the combined motions. Mr. Picco abstained.* All other Authority members approved the resolution.

COMMITTEE REPORTS

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

*After the Board Meeting Mr. Picco advised that he would like to be recused from these matters.

PUBLIC COMMENT

Mr. Shope introduced himself as a land owner in Lebanon Township. Mr. Shope had a question regarding the price methodology for the pipeline lease renewals discussed in New Business. He was concerned with any variation between the methodology used for private individuals or companies versus that used for State agencies. Ms. Shelley explained the cost structure and indicated that the methodology was available online in an Interagency State Lease Valuation Report. Mr. Shopes further stated his interest in the process and it was agreed that Ms. Shelley would speak with him following the meeting to provide any additional clarification.

EXECUTIVE SESSION

There was no need for an Executive Session.

Mr. Picco 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 October 5, 2015 New Jersey Water Supply Authority meeting minutes.



Michelle Rollman
Administrative Assistant