



## NEW JERSEY WATER SUPPLY AUTHORITY

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### Minutes of the Meeting of the New Jersey Water Supply Authority

November 1, 2021

A regular meeting of the New Jersey Water Supply Authority was convened on November 1, 2021 at 2:04 P.M. via teleconference.

As designated by Shawn M. LaTourette, Commissioner New Jersey Department of Environmental Protection and Chair New Jersey Water Supply Authority, Jeffrey Hoffman, State Geologist, Division of Water Supply and Geoscience, served as Acting Chair of the meeting and called the meeting to order.

Deputy Attorney General Kathrine Hunt read the statement required by the "Open Public Meetings Act". Executive Director Marc Brooks took the roll call of the Authority members.

Present: Jeffrey Hoffman, Acting Chair  
Susan Blew  
Ellsworth Havens  
Robert Iacullo  
Steven Picco

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  
Frank Marascia, New Jersey American Water

#### Authority Staff Present:

Marc Brooks, Executive Director  
Susan Buckley, Director, Finance & Administration  
Rita Shaw, Controller  
Darin Shaffer, Chief Engineer  
Paul McKeon, Director Manasquan Water Supply System/D&R Canal  
Kenneth Klipstein, Director of Watershed Protection  
Chris Sotiro, Contracts and Risk Manager  
Julie Shelley, Property & Permit Administrator  
Dorota Neulinger, Principal Accountant  
Michelle Rollman, Finance and Accounting Analyst  
Kathrine Hunt, Deputy Attorney General  
Jeffrey Nielsen, Governor's Authorities Unit

## APPROVAL OF THE MINUTES

Acting Chair Hoffman asked for a motion for approval of the minutes of the October 4, 2021 meeting. Mr. Havens moved the motion approving the minutes as prepared and the motion was seconded by Mr. Picco. The minutes of the October 4, 2021 meeting were approved by the Board.

## EXECUTIVE DIRECTOR'S REPORT

Mr. Brooks stated that everyone has a copy of his report. Mr. Brooks reminded all Board members of the requirement to complete ethics training before November 22. Mr. Brooks requested that all email receipts for the training be forwarded to him so that he will be able to comply with the certification requirements for the Governor's office.

Mr. Brooks stated that the Canal came through the most recent four-inch rain event early last week mostly unscathed. Many of the Authority Canal employees are still working to remove sediment from the Canal and clearing debris, mostly concentrated in the western section of the Canal, from the remnants of Hurricane Ida. The Authority has held initial meetings with FEMA to try to recuperate some Authority costs associated with the Ida event.

Mr. Brooks noted that the Authority continues to follow all guidance from the Governor's office with respect to COVID-19. The full return to the office has now been delayed until November 29 when all staff members will either have to show proof of vaccination or proof of negative COVID-19 test results on a weekly basis.

Mr. Brooks stated that rainfall recorded at the Spruce Run gage for October was 5.29 inches, which was 1.47 inches above average. Through October, rainfall at Spruce Run is 9.78 inches above average for the year. Rainfall recorded at Manasquan for October was 6.60 inches which was 1.68 inches above average. Through October, rainfall at Manasquan is 9.28 inches above average for the year.

## COMMUNICATIONS/CORRESPONDENCE

Mr. Brooks stated that there were no communications or correspondence received.

## 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 his written report. Mr. McKeon stated that operations were for the most part normal during October however, early in the month, a sewage spill in the Manasquan River and a subsequent problem with a valve at the reservoir outlet tower

required the Water Treatment Plant operations to be suspended for several hours. Customers were served through the finished water storage tank during that time. Mr. McKeon noted that additionally, the river source was untreatable by the Water Treatment Plant for several days at the end of October as a result of a four-inch rainfall. This required the Water Treatment Plant to again rely on reservoir water.

Mr. McKeon stated that a harmful algae bloom was confirmed in the Manasquan Reservoir in mid-October. The Authority is following the Authority's NJDEP-approved plan with respect to harmful algae blooms and treatment. While the plant was utilizing the reservoir as the source water for a brief period, the plant is now treating river water again as its source, which is free from harmful algae.

Mr. McKeon stated that in June, the fuel tank that provides fuel for the Water Treatment Plant standby electrical generator was replaced with an above ground steel tank. In early October, the fiberglass underground tank was removed for disposal. During the process of uncovering the tank, hydrocarbons were detected in the soil above the tank in a small amount. This required the contractor to notify the New Jersey DEP of a past fuel spill. Early indications show that there was not a significant amount of contaminated soil detected. Therefore, remediation costs and further groundwater testing required are expected to be minimal. A change order request will be brought to the Chair of the Capital Projects Committee later this week to address this remediation.

Mr. Shaffer reported on the Raritan Basin System. Mr. Shaffer stated that everyone has a copy of his written report. As of the date of the meeting, Spruce Run was at 100.5 percent of capacity. Round Valley was at 65.8 percent of capacity. Round Valley is drawn down for the rehabilitation project and will remain at or below elevation 360.8 feet for the project duration. The combined reservoir capacity was 71.6 percent. The typical combined capacity for this date is 87.8 percent.

Mr. Shaffer reported that Canal operations are returning to normal for this time of year. While routine maintenance for fall conditions is underway, a portion of the canal staff continues with recovery work associated with the remnants of Hurricane Ida. The recovery work includes dredging and embankment repair, which is expected to continue for several more months. Mr. Shaffer noted that one of the most significant and challenging dredging needs was where the Wickecheoke Creek enters the Canal at Prallsville Mill. That dredging work and site restoration was completed last week.

Mr. Shaffer discussed the Round Valley Round Valley Reservoir Dams Rehabilitation and Resource Preservation Project. Mr. Shaffer stated that the contractor completed earthfill placement on the Dike last month. Topsoil placement and seeding work is currently underway and a subcontractor is also installing permanent

instrumentation in the embankment. Mr. Shaffer described continuing major earthwork on the North Dam with earthfill placement at the toe of the dam and the chimney drain filter installation up the embankment slope.

Mr. Shaffer stated that the contractor began excavation at the South Dam today. The extent of excavation to be performed this year or prior to winter shutdown will be limited to that which can be done safely, without active dewatering. This approach was approved by the Engineer of Record, the Technical Review Board and NJ Dam Safety. This work is expected to give the contractor a head start when major excavation resumes next spring.

Mr. Shaffer reviewed the abandonment of the low level outlet which was delayed by a small leak. A path forward that resolves concerns about the leak has been established in consultation with the contractor. The contractor will use a heavier grout and a construction sequence that will counteract the leak and ensure the pipe is properly plugged.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report. Mr. Klipstein reviewed the status of the Biochar project. Repeated storms took out most of the Biochar installation. The Authority is working with NRCS engineers and other stream restoration engineers to reshape the Mulhockaway where the installation was in place. The Authority is now looking at design alternatives to replace the Biochar. Some data was obtained, however the sampler probes were also lost in the storm events.

Mr. Klipstein noted that Watershed staff has been working on the analysis of the harmful algal bloom in Manasquan.

In response to a question from Mr. Hoffman, Mr. Klipstein stated that no hydrilla plants have been found in the Canal all season and that the results for tubers are anticipated soon. In response to a follow-up question, Mr. Klipstein noted that milfoil and hydrilla are present in Manasquan.

#### NEW BUSINESS

Ms. Buckley provided background information on 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. Ms. Buckley stated that the Board packets include a discussion of the proposed rates for fiscal year 2023 and that the Basis and Background document is available on the Authority website. Ms. Buckley noted that there are no changes to any rate components for the Manasquan Reservoir System, and the total rate will remain flat at \$1,010.75 per million gallons for initial customers and \$1,124.67 per million gallons for delayed customers. Ms. Buckley highlighted specific line items outlined in the resolution memorandum for the Manasquan

Reservoir System, including an increase in salaries due to negotiated union contracts in effect until 2022; an increase in health care expenses based on projected national trend lines; and the projection of two additional retirees. Prior year overdraft and positive budget variance will be used to balance the budget.

Ms. Buckley stated that the rates have been reviewed with the Department of Environmental Protection, the Governor's office, the Authority's Finance Committee and with customers. Ms. Buckley noted that there were no attendees at the customer meeting on October 28. Pending Board approval, the rate proposal is expected to be published in the January NJ Register, with advertisement in late December and Board adoption in May, for an effective date of July 1, 2022. The resolution authorizes publication of the amended administrative code to reflect the new fiscal year and the utilization of excess funds from prior years to offset the FY23 Manasquan Reservoir System O&M rate.

Mr. Havens 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. Picco seconded the motion for the Resolution. All Authority members approved the Resolution.

Ms. Buckley provided background information on 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 Raritan Basin System. Ms. Buckley stated that the Board packets include a discussion of the proposed rates for fiscal year 2023 and that the Basis and Background document is available on the Authority website. Ms. Buckley stated that no rate increases are proposed for the Raritan Basin System and that the total rate will remain flat at \$336.00 per million gallons. Ms. Buckley highlighted specific line items outlined in the resolution memorandum for the Raritan Basin System including increases in salaries due to negotiated union contracts in effect until 2022 and an increase in health care expenses based on projected national trend lines. Prior year overdraft and positive budget variance will be used to balance the budget.

Ms. Buckley stated that the rates have been reviewed with the Department of Environmental Protection, the Governor's office, the Authority's Finance Committee and with customers. Ms. Buckley noted that one individual, representing Middlesex Water, attended the customer meeting on October 29. Pending Board approval, the rate proposal is expected to be published in the January NJ Register, with advertisement in late December and Board adoption in May, for an effective date of July 1, 2022. The resolution authorizes publication of the amended administrative code to reflect the new fiscal year and the utilization of excess funds from prior years to offset the FY23 Raritan O&M rate.

Mr. Iacullo moved the Resolution Authorizing the 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. Ms. Blew seconded the motion for the Resolution. All Authority members approved the Resolution.

Mr. Sotiro provided background information on the resolution authorizing the placement of insurance coverage for the period of March 1, 2022 through February 28, 2023. Mr. Sotiro stated that the Authority's Insurance Program will be remarketed for the March 1, 2022 placement. Mr. Sotiro stated that market conditions for the placement are expected to be challenging, particularly property coverage for accounts with hurricane and flood risk exposure. In excess liability lines, insurers are citing increased frequency and severity of large liability claims as the driving force for increases in premiums. Mr. Sotiro noted that in the cyber risk liability lines of coverage, insurers are finding that accounts in the public sector and those with critical infrastructure are undergoing a more rigorous renewal experience due to threats and losses from numerous ransomware attacks.

Mr. Sotiro stated that proposals will be received in January. The final insurance package will be subject to the Insurance Committee Chair's approval to the extent the annual premiums exceed the approved FY2022 budget. The final program will be reported to the Board for ratification at the first meeting subsequent to the March 1, 2022 renewal date.

Ms. Blew moved the Resolution authorizing the Executive Director to obtain quotations and secure placement of insurance coverage within the approved fiscal year 2022 budget appropriation for the period of March 1, 2022 through February 28, 2023. Mr. Picco seconded the motion for the Resolution. All Authority members approved the Resolution.

Ms. Shelley provided background information on the resolution authorizing the Executive Director to dispose of a fee simple interest in Block 9, Lots 3.05, 3.06 and 6 in Franklin Township, Somerset County. Ms. Shelley stated that in 2015 the Board authorized the purchase of this parcel of undeveloped land in Franklin Township, to be used as a staging and dewatering site for the Canal Dredging Project from Kingston to Amwell Road. At the time that the Authority purchased the property, the Authority executed an agreement with Somerset County which stipulated that the County would purchase the property from the Authority at the conclusion of the project at the same price the Authority paid for it. A representative of the state Attorney General will review all documents prior to closing.

Ms. Blew moved the Resolution authorizing the Executive Director to execute the appropriate documents to dispose of the Authority's fee simple interest in a 29.172-acre parcel known as Block 9, Lots 3.05, 3.06 and 6 in Franklin Township, Somerset

County, consistent with the agreement between the Authority and the County of Somerset. Mr. Iacullo seconded the motion for the Resolution. All Authority members approved the Resolution.

Mr. Shaffer provided background information on the resolution ratifying the actions of the Executive Director to procure construction services for restoration of damaged Canal embankment adjacent to the South Bound Brook Spillway in the Borough of South Bound Brook, Somerset County and at the 6-Mile Run Culvert in Franklin Township, Somerset County. Mr. Shaffer stated that in early September, the remnants of Hurricane Ida caused damage throughout the 60-mile length of the D&R Canal. Although there were no breaches of the canal embankment, the integrity of the embankment at two locations was compromised to an extent that the Authority deemed it appropriate to procure a construction contract on an emergency basis to repair erosion at the South Bound Brook spillway and next to Six Mile Run culvert.

Mr. Shaffer noted that in the case of a complete breach at either of these locations, the Authority's ability to provide raw water to its customers would have been hindered. The Executive Director certified that this was an emergency condition and met the requirements as set out in Executive Order 37 in the Authority's procurement procedures. After receiving approval from the Capital Projects Committee on September 8, 2021, the Executive Director initiated an emergency procurement. Authority staff requested a proposal from Merco, Inc. of Lebanon, New Jersey, based on the contractor's immediate availability and satisfactory performance on prior Authority projects. After negotiating a \$27,000 reduction in the proposal costs, Authority staff found the proposal to be fair and responsive. With the approval of the Capital Projects Committee, the Executive Director executed a contract with Merco, Inc. on September 9, 2021, for an amount not to exceed \$211,000.00 to repair both embankment locations.

In addition, the Chair of the Capital Projects Committee approved a Change Order to furnish and install 125 tons of riprap to restore erosion protection measures in the vicinity of the South Bound Brook spillway that had eroded during the flooding event. This \$18,000 change order increased the contract cost to a total amount of \$229,000.00.

The work under this contract was satisfactorily completed within three weeks of the Capital Projects Committee approval and the total expenditure was \$179,552.92. Authority staff expects to seek reimbursement from FEMA for this expenditure.

Mr. Picco moved the Resolution to ratify the actions of the Executive Director in executing a contract with Merco, Inc. of Lebanon, New Jersey, in the amount of \$229,000.00 to restore the Canal embankment adjacent to the South Bound Brook Spillway in the Borough of South Bound Brook, Somerset County, and at the Six Mile Run Culvert in Franklin Township, Somerset County. Mr. Havens

seconded the motion for the Resolution. 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 - Mr. Brooks stated that the Capital Projects committee met by teleconference on October 20 to discuss change orders on the Round Valley project.
- (f) Insurance - no report
- (g) Watershed Lands Acquisition Committee - no report

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no need for an Executive Session.

ADJOURN

Mr. Havens moved to adjourn the meeting. Ms. Blew seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:32 P.M.

I hereby certify this to be a true and original copy of the November 1, 2021 New Jersey Water Supply Authority meeting minutes.

*Michelle Rollman*  
Michelle Rollman  
Finance & Accounting Analyst