



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the New Jersey Water Supply Authority

September 8, 2014

A regular meeting of the New Jersey Water Supply Authority was convened on September 8, 2014 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, Fred Sickels, Director Division of Water Supply and Geoscience, served as Acting Chair of the meeting and called the meeting to order.

Deputy Attorney General Alison Reynolds 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
Louis Mai
Steven Picco - by phone
Shing-Fu Hsueh - by phone
Robert Iacullo - absent
Ellsworth Havens

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
Charles Engler, Friends of Spruce Run
Robert Barth, D&R Canal Watch

Authority Staff Present:

Henry S. Patterson, Executive Director
Zenona I. Puć, Executive Secretary II
Beth Gates, Director Finance and Administration
Edward Buss, Chief Engineer
Paul McKeon, Manager Manasquan Water Supply System
Kenneth Klipstein, Director of Watershed Protection
Alison Reynolds, Deputy Attorney General
Christopher Howard, Governor's Authorities Unit
Michael Collins, Governor's Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Sickels asked for a motion for approval of the Minutes of the July 7, 2014 meeting. Mr. Havens moved the motion approving the Minutes as prepared and the motion was seconded by Ms. Blew. The Minutes of the July 7, 2014 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

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

Mr. Patterson stated all reservoirs are at appropriate levels for September; Round Valley at 91 percent of capacity and Spruce Run is at 83 percent of capacity. The Manasquan Reservoir is at 82 percent of capacity.

Mr. Patterson stated that Mr. McKeon will report on the power issues at the Manasquan Intake Pumping Station.

Mr. Patterson stated that work has begun with the installation of the new piezometers at Round Valley.

Mr. Patterson advised the Board that the Securities Exchange Commission has announced an initiative to allow underwriters and issuers of bonds to self-report continuing disclosure deficiencies and get all required documents posted on EMMA, the SEC's website, prior to December 10, 2014. Mr. Patterson stated that the Authority posts its annual report including audited financial statements on EMMA annually and should be in compliance but to be certain the Authority will engage an outside firm to perform a compliance audit. Mr. Patterson stated that the audit will run somewhere between \$1,000 and \$4,000 to verify whether the information contained in our annual reports is sufficient and whether filing any additional information is required. The State Department of the Treasury was also consulted on its process to deal with this issue.

COMMUNICATIONS/CORRESPONDENCE

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

UNFINISHED BUSINESS

Mr. McKeon provided the operations report for the Manasquan Water Treatment Plant/Transmission System. Mr. McKeon stated that the reservoir is in good condition.

Mr. McKeon stated that the electrical gear tripped at the Intake Pump Station on August 13, 2014 at the Manasquan Water Supply System. Insulation on a cable was found to be missing from

a short circuit to ground damaging two cables. Mr. McKeon stated that testing of the other feeder cables in the parallel conduits showed that several portions of the cables had unacceptable resistance to ground through their insulation at both 2.5 KV and 5KV. The cable is 25 years old and past its expected life. After proper authorization was received, High Energy Electrical Testing removed and reinstalled 20,000 feet of cable. Mr. McKeon stated that High Energy Electrical Testing, Inc. is a contractor that the Authority contacts for emergency high voltage electrical work and again they responded quickly to the problem.

Mr. Sickels asked what the estimated cost of all wire and repairs. Mr. McKeon stated approximately \$250,000

Mr. Buss reported on the Raritan Basin System operations. Mr. Buss stated that, as Mr. Patterson had reported earlier, the reservoirs are going down, Spruce Run is down about 10 feet. Mr. Buss stated that during the month of July and August rainfall was approximately 6 inches, about 2 inches below normal.

Mr. Buss gave an update on the rehabilitation project of Pumping Units #1 & #6 at the South Branch Pumping Station. Mr. Buss stated that refurbishment of the units is progressing. Mr. Buss stated that reinstallation of the pumps has been delayed by the Contractor until October 2014. Mr. Buss reported that all other operations in the Raritan Basin System are normal.

Mr. Buss stated that work that Gannett Fleming recommended has begun. The work includes drilling and installing piezometers at Round Valley, a very slow operation. Mr. Buss stated that the side scan sonar (used to detect sink holes at the bottom of the reservoir) at the Spruce Run Reservoir was completed, results are pending. Mr. Buss stated that the functionality testing of the piezometers at Round Valley was also completed, results are also pending. Mr. Buss noted that there are no issues with Canal Operations.

Mr. Mai asked if the drilling work is a fixed price contract. Mr. Buss said it was based on the depth of the wells and not on the amount of time that it takes to install them.

Mr. Klipstein stated that he has nothing to add to his report. Mr. Klipstein stated that the Watershed Protection Program Unit will be moving from the office in Somerville to an office located on Authority premises in Clinton just behind the Authority's Administration Building, effective September 22, 2014.

NEW BUSINESS

Ms. Gates provided the background information on the Resolution authorizing the Renewal of a Risk Management Consulting Services Agreement. Ms. Gates stated that the Insurance Program is

competitively remarketed every three years. Ms. Gates stated that by Resolution No. 2060 adopted June 4, 2012 the Authority executed a contract with Albert Risk Management Consultants (ARMC) of Needham, Massachusetts for risk management services for a one (1) year period for an amount not to exceed \$31,000. In July 2014, ARMC submitted the third year cost proposal for general consulting services in the amount not to exceed \$28,000.

Mr. Mai asked if the Authority gets any estimates from the consultants with respect to potential increases in insurance expense as part of the budget process. Ms. Gates confirmed that the expense item for insurance contained within the FY2016 proposed budget incorporates guidance from the risk manager.

Mr. Mai moved the Resolution authorizing execution of an amendment to its contract for Risk Management Consulting Services with ARMC for the third year cost proposal for general consulting services in the amount not to exceed \$28,000. Mr. Havens seconded this motion. All Authority members approved the resolution.

Ms. Gates provided the background information on the Resolution authorizing the Executive Director to negotiate and execute a revised contract with the Hunterdon Medical Center (HMC) for an uninterruptible service from the Raritan Basin System for an uninterruptible supply contract of .136 million gallons per day (mgd), of which .031 mgd was deemed consumptive, for public community supply, heating & cooling and other on-site hospital purposes, for the period of July 1, 2014 through December 31, 2023. Ms. Gates stated that by Resolution No. 2153 the Executive Director approved a contract with HMC for amounts of .183 mgd of which .066 mgd is deemed consumptive.

Ms. Gates stated that HMC petitioned the New Jersey Department of Environmental Protection, Bureau of Water Allocation to reduce its allocation to reflect actual usage and future needs. The Bureau of Water Allocation has no objection and the contract will be revised to reflect significantly reduced usage of .136 mgd of which .031 mgd is deemed consumptive. A notice of Public Hearing was mailed to interested parties and published in a number of central New Jersey newspapers and scheduled pursuant to NJSA 13:13-12.9.

Ms. Blew moved the Resolution authorizing the Executive Director to negotiate and execute a revised contract with the Hunterdon Medical Center for an uninterruptible service from the Raritan Basin System for an uninterruptible supply contract of .136 million gallons per day (mgd), of which .031 mgd was deemed consumptive, for public community supply, heating & cooling and other on-site hospital purposes, for the period of July 1, 2014 through December 31, 2023. Dr. Hsueh seconded the motion. All Authority members approved the resolution.

Ms. Gates provided the background information on the Resolution authorizing the Executive Director to negotiate and execute a contract renewal with the East Windsor Municipal Utilities Authority (EWMUA) for Uninterruptible Service from the Raritan Basin System for water supply purposes. Ms. Gates stated that the EWMUA has requested renewal of its current uninterruptible supply contract of .110 million gallons per day (mgd) of which .011 mgd is deemed consumptive, for public water supply purposes, for the period of August 1, 2014 through July 21, 2039. A notice of Public Hearing was mailed to interested parties and published in a number of central New Jersey newspapers and scheduled pursuant to NJSA 13:13-12.9. Ms. Gates stated that EWMUA has met the standards imposed on the applications. Ms. Gates also stated that the water would be withdrawn from on-site wells located within East Windsor Township.

Mr. Havens moved the Resolution authorizing the Executive Director to negotiate and execute a contract renewal with the East Windsor Municipal Utilities Authority for Uninterruptible Service from the Raritan Basin System for water supply purposes. Mr. Picco seconded the motion. All Authority members approved the resolution.

Mr. Buss provided the background information on the Resolution authorizing the award of a construction contract for installation of buoys around the Spruce Run Reservoir Outlet Tower. Mr. Buss stated that the work required on this contract includes installation and supply of the buoys and necessary hardware and installation of concrete blocks and float barriers, another step in implementing measures to improve security at the Reservoirs. Mr. Buss explained that advertisements for bids were published in three (3) newspapers of general circulation on June 4, 2014 and the advertisement was also posted on the Authority's and the State's websites. Mr. Buss stated that two (2) addenda were issued to this bid. Four (4) bids were timely received and opened on July 10, 2014. Mr. Buss provided the details of the amounts of the bids received. Mr. Buss stated that Authority staff reviewed the bids and found the low bid submitted by Marine Solutions, Inc. of Nicholasville, KY to be legally and technically responsive.

Mr. Havens moved the Resolution authorizing the award of a construction contract for installation of buoys around the Spruce Run Reservoir Outlet Tower, Hunterdon County to Marine Solutions, Inc. of Nicholasville, KY for a lump sum amount of \$89,500. Ms. Blew seconded the motion. All Authority members approved the motion.

Mr. Buss provided the background information on the Resolution authorizing the Executive Director to enter into a construction contract for the Rehabilitation of the Multi-Use Trail on the Delaware and Raritan Canal from Station 353-60 to Station 354+45 in the City of Lambertville, Hunterdon County. Mr. Buss explained

that there is a need to rehabilitate the failed section of the embankment that slid into the Canal along the multi-use trail between Coryell Street and Bridge Street in the City of Lambertville. Mr. Buss stated that the rehabilitation of the embankment is being jointly funded by the Authority and NJDEP Office of Resource Development. Mr. Buss explained that advertisements for bids were published in three newspapers of general circulation on July 10, 2014 and the advertisement was also posted on the Authority's and the State's websites. Six (6) potential bidders attended a pre-bid meeting on July 24, 2014. Mr. Buss stated the five (5) bids were timely received and opened on August 14, 2014. Mr. Buss provided the details of the amounts of the bids received. Mr. Buss stated that Authority staff and HMM reviewed the bids and found the low bid submitted by Adamsville Maintenance, Inc. of Hillsborough, NJ to be legally and technically responsive. Authority staff and HMM recommend the award of a construction contract to Adamsville Maintenance, Inc. of Hillsborough, NJ for a lump sum cost of \$238,800.00.

Mr. Picco moved the Resolution authorizing the award of a construction contract for the Rehabilitation of the Multi-Use Trail on the Delaware and Raritan Canal from Station 353-60 to Station 354+45 in the City of Lambertville, Hunterdon County for a lump sum cost of \$238,800.00. Dr. Hsueh seconded the motion. All Authority members approved the motion.

Mr. Buss provided the background information on the Resolution authorizing the award of a contract for Professional Engineering Services required for the rehabilitation of the Cherry Tree Lane Spillway at Station 1269+65 of the Canal in Lawrence Township, Mercer County. Mr. Buss stated that the spillway is in poor condition deteriorating concrete and voids below the apron. Mr. Buss stated that in 2013, Canal maintenance crew backfilled a large sink hole downstream of the spillway. The Authority proposes rehabilitation of the spillway and the outlet discharge apron to eliminate the current Canal unwanted spilling and the unsafe structural conditions.

Mr. Buss stated that letters of solicitation were published in three newspapers of general circulation and the advertisements were also posted on the Authority's and the State's websites. Eight (8) proposals were received and evaluated by Authority Staff members. Authority staff recommended and received approval from the Chair Capital Projects Committee, Ellsworth Havens, to invite the firms that submitted the top three proposals to submit fee proposals. The fee proposals were: (1) Schnabel Engineering, Inc. for a lump sum and reimbursable cost not to exceed \$469,899.00; (2) Johnson, Mirmiran & Thompson, Inc. for a lump sum and reimbursable cost not to exceed \$273,088.00; and (3) Civil Dynamics, Inc. for a lump sum and reimbursable cost not to exceed \$204,780.00.

Authority policy requires obtaining fee proposals from at least three firms and negotiating with the top rated firm. Failing to reach a suitable fee proposal from the top rated firm, staff received approval to terminate negotiations with Schnabel Engineering and to open negotiations with the second highest firm, Johnson, Mirmiran and Thompson from Trenton, NJ. Johnson, Mirmiran & Thompson resubmitted their fee for a lump sum and reimbursable cost not to exceed an amount of \$204,648.00.

Mr. Havens moved the Resolution authorizing the Executive Director to enter into a contract for Professional Engineering Services required for the rehabilitation of the Cherry Tree Lane Spillway at Station 1269+65 of the Delaware and Raritan Canal in Lawrence Township, Mercer County to Johnson, Mirmiran & Thompson for a lump sum and reimbursable cost not to exceed an amount of \$204,648.00. Mr. Mai seconded the motion. All Authority members approved the resolution.

Mr. McKeon provided the background information on the Resolution authorizing the Executive Director to enter into a contract for Replacement of a Heating Air Handler Unit at the Manasquan Water Treatment Plant (MWTP). 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 replacement of portions of the heating, ventilating and air conditioning systems at the MWTP.

Mr. McKeon explained that advertisements for bids were published in three newspapers of general circulation and the advertisement was also posted on the Authority's and the State's websites. Four (4) bids were received and opened. Mr. McKeon provided the details of the amounts of the bids received. Mr. McKeon stated that Authority staff reviewed the bids and found the low bid submitted by Midcoast Mechanical, Inc., of Neptune, NJ to be legally and technically responsive. Ms. Blew moved the Resolution authorizing the Executive Director to enter into a contract for Replacement of a Heating Air Handler Unit at the Manasquan Water Treatment Plant (MWTP) for a lump sum price of \$67,058.00. Mr. Picco 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 construction contract for Security Fencing Improvements at the Manasquan Water Treatment Plant (MWTP). Mr. McKeon stated that the new existing open tanks could be better secured by the installation

of additional security fencing. 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 security improvements in 2015.

Mr. McKeon explained that advertisements for bids were published in three newspapers of general circulation and the advertisement was also posted on the Authority's and the State's websites. Six (6) bids were received and opened. Mr. McKeon provided the details of the amounts of the bids received. Mr. McKeon stated that Authority staff reviewed the bids and found the low bid submitted by National Fence Systems of Avenel, NJ to be legally and technically responsive. Mr. Mai moved the Resolution authorizing the Executive Director to enter into a contract for the Security Fencing Improvements at the MWTP for a lump sum cost of \$43,170.00. Mr. Havens seconded the motion. All Authority members approved of this resolution.

COMMITTEE REPORTS

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

PUBLIC COMMENT

Mr. Engler extended his appreciations to the Authority in their efforts to maintain the levels of the Reservoirs. Mr. Engler had a question regarding the buoys around the tower.

Mr. Barth stated that the Millstone Valley Preservation Coalition has opened their visitor's center between East Millstone and Kingston, the visitor's center is in Griggstown. Mr. Barth extended an invitation and noted that visiting hours are from 10:00

AM to 4:00 PM on Saturdays and 12:00 PM until 4:00 PM on Sundays. Mr. Barth stated that tours and hikes at the Canal are available. Mr. Barth had a question on the status of the Dredging Program which was answered.


EXECUTIVE SESSION

There was no need for an Executive Session.

ADJOURN

Mr. Havens moved to adjourn the meeting. Mr. Mai seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:45 P.M.

I hereby certify this to be a true and original copy of the September 8, 2014 New Jersey Water Supply Authority meeting minutes.



Zenona V. Puć
Executive Secretary II