



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
January 8, 2024

A regular meeting of the New Jersey Water Supply Authority was convened on January 8, 2024 at 2:00 P.M. via teleconference.

As designated by Shawn M. LaTourette, Commissioner, New Jersey Department of Environmental Protection and Chair, New Jersey Water Supply Authority, Linda Ofori, Assistant Director, Division of Water Supply, 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: Linda Ofori, Acting Chair
Susan Blew
Ellsworth Havens
Robert Iacullo
Steven J. 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

Authority Staff Present:

Marc Brooks, Executive Director
Susan Buckley, Director Finance and Administration
Darin Shaffer, Chief Engineer
Paul McKeon, Director Manasquan Water Supply System/D&R Canal
Kenneth Klipstein, Director Watershed Protection Programs
Julie Shelley, Contracts and Risk Manager
Rita Shaw, Controller
Dorota Neulinger, Principal Accountant
Robin Greg, Finance & Accounting Analyst
Michelle Rollman, Human Resources Generalist
Jared Berger, Geospatial Analyst
Kathrine Hunt, Deputy Attorney General
Laura Wilton, Associate Counsel, Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Ofori opened the meeting by asking for the approval of the minutes of the November 6, 2023 meeting. Mr. Picco moved for the approval of the minutes as prepared, and this motion was seconded by Mr. Havens. The minutes of the November 6, 2023 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Brooks stated that everybody has a copy of his report. Mr. Brooks announced that the Authority Finance Department has again received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

Mr. Brooks stated that rainfall recorded at the Spruce Run gage for November was 9.83 inches which was more than six inches above average. Mr. Brooks noted two events that were widespread and exceeded three inches of rainfall. The second of the two, on December 17, created significant flooding along the Millstone and Raritan Rivers. Mr. Brooks commended Canal operations and engineering staff members for their vigilance throughout the event. The most vulnerable location for that event was the construction site at 6-Mile Run culvert where the roadway excavation over the culvert was open. The river rose and flooded the entire project site compromising the temporary cofferdam and created a vulnerability when the waters receded. Authority staff worked with the contractor to reduce the risks as much as possible. Ultimately, the contractor was able to make a significant concrete pour which greatly reduced the inherent risk associated with the site.

Mr. Brooks stated that Pumping to Round Valley initiated in mid-November. After a slow start with low rainfall, subsequent substantial rain has facilitated efficient pumping operations. As of this morning, a total of 1.8 billion gallons have been pumped to Round Valley and the pool has increased by over three feet.

Mr. Brooks noted that the Spruce Run Reservoir storage level did not dip below 94 percent all summer and is at 100.7 percent capacity as of this morning. The combined storage (Round Valley and Spruce Run) was 76.5 percent of capacity compared to a combined historic average storage of 89.1 percent for this date. The Manasquan Reservoir storage level as of this morning is 88.5 percent of capacity.

Mr. Brooks noted that Michelle Rollman has been promoted within the Authority and her previous position has been filled by another internal promotion, Robin Greg.

COMMUNICATION/CORRESPONDENCE

Mr. Brooks stated that there were no items of communication or correspondence.

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 reports. Mr. McKeon stated that everything has been going well in the Manasquan system and that the reservoir is at 88 percent capacity. Mr. McKeon discussed recent rain events and the subsequent usage of reservoir water supply. Mr. McKeon offered to answer any questions.

Mr. Shaffer reported on the Raritan Basin System. Mr. Shaffer stated that everyone has a copy of his report. The Raritan Basin continues to be in good condition for this time of year. Spruce Run is full, and releases are minimal. Round Valley has risen more than three feet above the construction pool and pumping is ongoing. River conditions have been favorable for pumping.

Mr. Shaffer stated that Canal operations are normal for this time of year, though recent rain events have caused some flooding and associated minor damages such as scour or shallow erosion which staff has addressed. Based on the rain that is forecast, similar flooding conditions are currently predicted to occur again this week.

Mr. Shaffer noted that the emergency repairs to the Ukrainian Church culvert were fully completed in November, without any surprises or unexpected conditions.

Mr. Shaffer provided an update on the emergency repairs to the sinkhole and leak that developed in the Canal embankment near the Workhouse Spillway in Hopewell Twp., Mercer County. Authority staff continue to monitor the site at least once per day. Some changes in the embankment have been observed, but none have altered the Authority's course of action, which is the installation of a steel sheet pile cutoff wall. All required permits and bid documents for installing the cutoff wall were acquired in December. Mr. Shaffer discussed the bid process which was in accordance with the Capital Project Committee approval for this emergency. A memo and resolution are included in this month's Board package to ratify the actions of the Executive Director with respect to executing a professional services contract for design of these repairs. A subsequent memo and resolution will be prepared for the construction contract, once that has been finalized.

Mr. Shaffer reported on the Round Valley Reservoir Dams-Rehabilitation and Resource Preservation Project. The extensive work to restore all project areas is on hold due to winter weather conditions. Site maintenance and some ancillary work such as tower crane replacement is expected to continue through the winter. The contractor will continue with restoration work in the spring and the project is projected to be completed this summer.

Mr. Shaffer reported on the South Branch Pump Station Pump Rehabilitation and Equipment Upgrades. The contractor is currently repairing and refurbishing the four pump and motor assemblies in their shop. Staff and the Authority's engineering consultant visited the contractor's shop in December to review the condition of the equipment in a disassembled state. The contractor is also working on submittals for installing new baseplates for the refurbished pump assemblies.

Mr. Shaffer reported on the 6-Mile Run Culvert Rehabilitation. The rehabilitation of the 6-Mile Run culvert in Franklin Township has progressed with some notable challenges. The interior of the culverts has been completely repointed. Heavy rain in December resulted in flooding of the construction site when 6-Mile Run rose to a level that overtopped Canal Rd. and flowed into the Canal. This flooding filled the Canal Road excavation and the portion of the Canal that was dewatered with a PortaDam (temporary cofferdam). Authority staff coordinated with the contractor to protect the work and adverse impacts were minimal. Following this high-water event, the contractor completed excavation and improvements to the exterior of the culverts under Canal Road, completed the clay liner repair in the Canal and reconstructed the road. Remaining work includes removal of the PortaDam and falsework as well as some stone masonry repairs at the culvert outlet.

Mr. Shaffer reported on the Western Canal Embankment Rehabilitation-Stockton. Improvements to one mile of the Canal embankment in Stockton began in August. In December the contractor decided to partially demobilize for the winter. The stone armoring restoration is complete, the crest restoration is about 75 percent complete and the embankment slope regrading is complete. About half of the slope has established grass cover, but the remainder was seeded late in the season and will need to be re-seeded in the spring. The contractor plans to return in early spring to complete the contract work.

Mr. Shaffer reported on the Spruce Run Grouting. The design engineer has developed a near-final set of plans and specifications that has been reviewed by Authority staff and the Technical Review Board. It is anticipated that the project will be financed through the I-Bank, and an application has been made to start their review process. The NJ Dam Safety permit review is also underway. A bid

package will be ready for advertisement as soon as the financing and permitting approvals are received during the first quarter of this year.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report and that he had nothing to add. Mr. Klipstein offered to answer any questions.

NEW BUSINESS

Rita Shaw presented the Unaudited Financial Statements for the three months ending September 30, 2023. Bond Resolution requires the Authority to prepare and distribute unaudited financial statements to interested parties within 45 days of the end of each quarter. Unfortunately, due to the late release of Other Post Employment Benefits data from the State of New Jersey, the Authority was unable to comply with this requirement. The financial statements have been distributed to all interested parties and are available on the Authority's website.

Ms. Shaw stated that the Financial Statements show favorable results of operations for the three months ending September 30, 2023. There is net income of \$3.8 million compared to \$3.7 million for the same period last year. The change in net income is largely due to a decrease in overdraft revenue. Operating expenses at September 30, 2023, totaling \$6.3 million, are in line with the budget at 23.4 percent of total budgeted expenses for the fiscal year and are 1.7 percent higher than the same time last fiscal year. Non-operating revenue at September 30, 2023, increased by 50.9 percent to \$1.3 million due to an increase in Interest Income offset by a decrease in grant revenue and other income. Ms. Shaw offered to answer any questions and no Board action was required.

Mr. Picco provided background information for the resolution authorizing the award of a contract to conduct the annual fiscal audit for the fiscal year ending June 30, 2024. The Authority retains an auditor through a competitive process at least every five years in accordance with E0122 (initial year and up to four contract renewals). This audit cycle for the FY2024 financial statements will be the third year under the December 2021 procurement. The audit fee for FY2022 was \$57,975, for FY2023 the audit fee was \$60,000 and the proposed fee for FY2024 is \$61,500 which is a 2.5 percent increase. The Audit Committee met and recommends approval of the resolution.

Mr. Picco moved the resolution to authorize the Executive Director to enter into a contract with Mercadien, P.C. of Hamilton, New Jersey to conduct a financial audit of its records and accounts for the fiscal year ending June 30, 2024, perform Arbitrage Rebate Calculations, conduct the Single Audit as necessary, and issue Agreed-Upon Procedures for a fee not to exceed \$61,500. Mr. Iacullo

seconded the motion for the resolution. All Authority members approved the resolution.

Ms. Buckley provided the background information for the resolution approving the Annual Report of the New Jersey Water Supply Authority for 2023. Ms. Buckley stated that the Authority publishes its Annual Report each year in compliance with the Authority's enabling legislation and Executive Order 37. A draft copy of the Annual Report, with all required elements, is included in the Board packages. Upon Board approval, the Annual Report will be posted on the Authority's website and notice will be sent to required parties.

Ms. Blew moved the resolution approving the 2023 Annual Report of the New Jersey Water Supply Authority and authorizing the Executive Director to post the 2023 Annual Report on the Authority's web site. Mr. Iacullo seconded the motion for the resolution. All Authority members approved the resolution.

Ms. Buckley provided the background information for the resolution to accept the Collective Bargaining Agreement between the State of New Jersey and the International Federation of Professional and Technical Engineers ("IFPTE") for the period July 1, 2023 through June 30, 2027. Ms. Buckley noted that the Authority has typically accepted negotiated and union ratified labor contracts by Board vote. In November, the state of New Jersey and the IFPTE union ratified a contract covering the period of July 1, 2023 - June 30, 2027. The IFPTE covers approximately 59 of the Authority's maintenance, service and craft and security employees. The terms of the agreement are similar to those of the CWA contract that the Board previously approved.

Ms. Blew moved the resolution accepting the agreement between the State of New Jersey and the IFPTE and to amend the Authority's compensation schedule in accordance with the terms of the approved Union Agreement and New Jersey Water Supply Authority policy. Mr. Iacullo and Mr. Havens seconded the motion for the resolution. All Authority members approved the resolution.

Ms. Buckley provided the background information for the resolution to accept the Collective Bargaining Agreement between the State of New Jersey and the International Brotherhood of Electrical Workers Local 30 State Government manager's Union ("IBEW") for the period July 1, 2023 through June 30, 2027. Ms. Buckley noted that the Authority has typically accepted negotiated and union ratified labor contracts by Board vote. In December, the state of New Jersey and the IBEW union ratified a contract covering the period of July 1, 2023 - June 30, 2027. The IBEW covers four of the Authority's middle management employees. The terms of the agreement are similar to those of the CWA contract that the Board previously approved.

Mr. Iacullo moved the resolution accepting the Agreement between the State of New Jersey and the IBEW and to amend the Authority's compensation schedule in accordance with the terms of the approved Union Agreement and New Jersey Water Supply Authority policy. Mr. Havens seconded the motion for the resolution. All Authority members approved the resolution.

Ms. Shelley provided the background information for the resolution authorizing execution of a D&R Canal Transmission Complex utility lease agreement with PSE&G for operation of two gas pipelines under the D&R Canal in the Township of Lawrence, Mercer County PSEG21. Ms. Shelley stated that on September 19, 1947, the Authority's predecessor granted PSE&G a permit for construction of a gas main crossing under the Canal in Lawrence Township, Mercer County near Route 1. Review of Authority files as well as those maintained by the NJDEP revealed that there was no lease or revenue collected for this crossing of the Canal. The pipeline facilities have been in service since the late 1940s. Under this proposed lease, PSE&G will lease 4,265 square feet of state property, administered by the Authority, designated as a portion of Block 4001, Lot 28 on the tax map of the Township of Lawrence, Mercer County to operate and maintain the pipeline facilities.

Mr. Iacullo moved the resolution to authorize the Executive Director to execute a twenty (20) year lease agreement with PSE&G at an annual total lease payment of \$1,540, pursuant to the "Agreement for the Development, Maintenance and Operation of the D&R Canal Transmission Complex as a Water Supply Facility and for Public Recreation, Conservation and Historic Purposes as Part of the D&R Canal State Park," dated June 17, 1986. Mr. Picco seconded the motion for the resolution. All Authority members approved the resolution.

Mr. Shaffer provided the background information for the resolution ratifying the actions of the Executive Director in executing a contract for emergency professional engineering services required to design a steel sheeting cut-off wall in the Delaware & Raritan Canal embankment near Station 505+35, Hopewell Township, Mercer County, WSA-C24040. Mr. Shaffer stated that a large leak and sinkhole in the Canal embankment in Hopewell Twp, Mercer County were first observed on October 4. The Executive Director certified that the situation represented an emergency condition. With approval of the Capital Projects Committee, the Authority proceeded with a modified procurement process for both design and construction services. The Authority solicited quotes for professional services from three firms. All three firms submitted quotes and they were reviewed based on cost, plus other factors. All three firms proposed a qualified team to perform the work. The firm with the lowest cost also proposed the shortest schedule to develop a bid package. On this basis, the Executive Director executed a contract with Mott

MacDonald to design the repair. That contract totaled \$65,000, including up to \$10,000 for support, as needed, during construction. Authority staff obtained the necessary permits as the design progressed and the plans and permits were finalized in mid-December.

Mr. Havens moved the resolution ratifying the actions of the Executive Director in executing a contract with Mott MacDonald of Morristown, New Jersey, in the lump sum and reimbursable cost not-to-exceed amount of \$65,000 for emergency professional engineering services required to design a steel sheeting cut-off in the Delaware & Raritan Canal embankment near Station 505+35, Hopewell Township, Mercer County. Mr. Iacullo seconded the motion for the resolution. All Authority members approved the resolution.

EXECUTIVE SESSION

There was a need for an executive session to discuss personnel matters. Deputy Attorney Kathrine Hunt read the statement to go into Executive Session. Mr. Havens moved the resolution to go into Executive Session to discuss personnel matters. Ms. Blew seconded this motion. All Authority members approved the resolution.

RETURN TO PUBLIC SESSION

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

Ms. Blew provided the background information for the resolution concerning the compensation of the Executive Director. Mr. Picco moved the resolution for compensation to be paid to the Executive Director at \$171,580 per annum effective January 1, 2024. 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 - no report
- (f) Insurance - no report
- (g) Watershed Lands Acquisition - no report

PUBLIC COMMENT

There was no public comment.

ADJOURN

Mr. Picco moved to adjourn the meeting. Ms. Blew seconded the motion. All Authority members approved the motion. The meeting was adjourned at 2:44 P.M.

I hereby certify this to be a true and original copy of the January 8, 2024 New Jersey Water Supply Authority meeting minutes.

Robin Greg

Robin Greg

Finance & Accounting Analyst



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Minutes of the Executive Session
New Jersey Water Supply Authority
January 8, 2024

There was a need for an Executive Session to discuss personnel matters. Deputy Attorney Kathrine Hunt read the statement to go into Executive Session. Mr. Havens moved the resolution to go into Executive Session. Ms. Blew seconded the resolution. All Authority members approved the resolution.

Ms. Blew provided the background information on the resolution concerning the compensation of the Executive Director. The Board discussed the salary of the Executive Director. The Board also discussed comparable compensations of other state Authority Executive Directors.

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

I hereby certify this to be a true and original copy of the January 8, 2024 New Jersey Water Supply Authority Executive Session Meeting minutes.

Robin Greg

Robin Greg
Finance and Accounting Analyst