



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the
New Jersey Water Supply Authority
October 7, 2024

A regular meeting of the New Jersey Water Supply Authority was convened on October 7, 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, Patricia Ingelido, Director, 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: Patricia Ingelido, Acting Chair
Susan Blew
Ellsworth Havens
Steven Picco

Absent: Robert Iacullo

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Oleg Kostin, New Jersey American Water
Frank Marascia, New Jersey American Water

Marc Brooks, Executive Director
Susan Buckley, Director Finance and Administration
Stephen Gates, Chief Engineer
Paul McKeon, Director Manasquan Water Supply System/D&R Canal
Kenneth Klipstein, Director Watershed Protection Programs
Julie Shelley, Manager, Contracts and Risk Management
Rita Shaw, Controller
Dorota Neulinger, Supervisor, Financial Services
Heather Desko, Principal Watershed Protection Specialist
Robin Greg, Finance & Accounting Analyst
Jared Berger, Geospatial Analyst
Kathrine Hunt, Deputy Attorney General
Laura Wilton, Associate Counsel, Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Ingelido opened the meeting by asking for the approval of the minutes of the August 5, 2024 meeting. Mr. Picco moved for the approval of the minutes as prepared, and this motion was seconded by Mr. Havens. The minutes of the August 5, 2024 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Brooks stated that everybody has a copy of his report. Mr. Brooks reminded the commissioners to complete their ethics training and forward their receipts in time to be certified before November 15. Mr. Brooks announced that Paul McKeon is planning to retire at the end of January 2025 as the Director of the Manasquan Water Supply System and D&R Canal Operations and that the Authority will be advertising soon to seek his replacement.

Mr. Brooks stated that in Clinton, August precipitation was 6.42 inches inches, which was 2.35 inches above average. Mr. Brooks stated that in September, precipitation was only 0.86 inches, which was 3.58 inches below average.

Mr. Brooks stated that as of today, the combined storage for Round Valley and Spruce Run was at 87.1 percent of capacity, compared to a combined historic average storage of 88.6 percent for that date. Mr. Brooks stated that separately, Spruce Run is very low at 42.2 percent, but that Round Valley Reservoir, which is of much larger capacity, is at 96.1 percent.

Mr. Brooks discussed that as previously reported, the harmful algae bloom briefly returned to the Millstone River earlier in the summer. Mr. Brooks explained that in 2022, the bloom manifested in the river between Carnegie Lake and the Millstone's confluence with the Raritan River, and that this year the bloom seems to be central to Carnegie Lake. Mr. Brooks stated that Carnegie Lake is created by a run of the river dam on the Millstone River. Mr. Brooks stated that this bloom has been far more manageable than the first bloom of 2022. Mr. Brooks noted that coordination continues with regular discussions that include Authority staff, NJDEP, all of the downstream water users, Stonybrook Regional Sewage Authority, Somerset Raritan Sewer Authority, and now Princeton University, the owners of Carnegie Lake.

Mr. Brooks stated that August rainfall in Manasquan was 4.41 inches, which was 0.15 inches below average. In September, rainfall

was only 1.52 inches, which was 2.78 inches below average. Mr. Brooks stated that the Manasquan Reservoir elevation as of this morning was 94.44 feet and that storage is 2.9 BG, which is 62 percent of capacity.

Mr. Brooks discussed that about two weeks ago, the Manasquan Reservoir was showing signs of destratification and that this is a phenomenon that takes place every year, typically in early October. Mr. Brooks explained that when this occurs, the nutrient-rich water at the bottom tends to mix throughout the reservoir profile and that based on reports Friday, it appears that the lake turnover may have just started. Mr. Brooks explained that the nutrient-rich water at the bottom has a strong potential to make conditions favorable for a harmful algae bloom and that because of the lack of rain, a HAB this year would be more problematic than typical. If the dry weather continues, low flows in the river and a potential HAB in the reservoir would strain the Authority's ability to change or blend the raw water source used at the Manasquan Water Treatment Plant. Mr. Brooks stated that Authority staff continues to monitor the situation closely and to follow its Cyanotoxin Management Plan. Looking forward, the planned addition of a reservoir oxygenation system, which is currently in design, will help mitigate the uncertainty associated with this current condition.

Mr. Brooks discussed that the corrosion prevention system has failed on one of the underground storage tanks at the Spruce Run Administration Building. There are no indications that there is any discharge of product. The Authority has been directed by the NJDEP through an administrative consent order to remove the tank and is working towards this. Mr. Gates will provide more details on the situation in his report. Mr. Brooks offered to answer any questions.

Ms. Ingelido and the commissioners congratulated Mr. McKeon on his upcoming retirement.

COMMUNICATION/CORRESPONDENCE

Mr. Brooks stated that there are no items of communication and correspondence.

UNFINISHED BUSINESS

Mr. McKeon reported on the Manasquan Reservoir System and the Manasquan Water Treatment Plant/Transmission System. He noted that, as Mr. Brooks stated, the reservoir level is at 62 percent, which is slightly below the record low for the reservoir since it was first built. The reservoir is dropping slowly now compared to earlier. Mr. McKeon explained that operationally, without sufficient rain in August and September, there has not been enough water to pump into

the reservoir and that the rainfall that was experienced dried up quickly. The Water Treatment Plant has been on reservoir water primarily for two months and is running well under these conditions. Mr. McKeon noted that there have been no treatment or mechanical issues.

Mr. Gates reported on the Raritan Basin System. Mr. Gates stated that there has been a dry spell with few organized, basin-wide rain events that has resulted in consistently high releases that continue late into the season. The Authority is currently releasing 124 MGD from Spruce Run and has been incrementally adjusting that number up to continue to meet customer demand and downstream minimum passing flow requirements. Mr. Gates noted that the reservoir is down roughly 19.5 feet from full pool to elevation 253.4 feet, which represents 42 percent of storage capacity. More encouraging is that Round Valley Reservoir is currently down about 2.5 feet to elevation 382.5 feet, which represents 96 percent of storage capacity. Mr. Gates stated that combined system releases will continue to be monitored and adjusted accordingly.

Mr. Gates further explained that the Authority continues to monitor for HAB conditions and regularly meet with customers, NJDEP, and other stakeholders along the Raritan and Millstone Rivers.

Mr. Gates stated that canal operations are currently normal for this time of year, with staff focusing mainly on water supply operations and routine maintenance.

Mr. Gates stated that, as Mr. Brooks discussed, there is an issue with the Authority's 5000-gallon underground storage tank at the Spruce Run Administration Building. The cathodic protection system of the heating oil UST failed a scheduled routine cathodic protection (CP) function test in June 2024. Mr. Gates explained that cathodic protection is a corrosion inhibiting process that operates on the principal of bimetallic or galvanic corrosion, where a sacrificial anode is connected to the UST and becomes preferentially corroded through the transfer of electrons to the UST. Mr. Gates further explained that as the anode corrodes, it is oxidized by giving up electrons to the tank which is then protected through a reduction process. Mr. Gates stated that the electron transfer results in a small electrical current that can be measured and that forms the basis for the testing which failed. The failed test simply means that the system has reached its equilibrium and the anode has been consumed as it was designed to. There is no indication of a failure of the tank shell nor is there any anticipation of soil contamination.

Mr. Gates stated that the tank passed the last regularly scheduled CP testing in 2021 and passed the other condition and

performance tests this summer. However, due to the age of the tank and the work that would be required to replace the CP system, the Authority and the NJDEP agreed to an administrative consent order for the Authority to remove the UST on a predetermined compliance schedule. Mr. Gates stated that Authority staff has already procured a contractor that has installed and connected a temporary above ground tank. The UST has been disconnected and drained. Mr. Gates noted that Authority staff have prepared an RFP for licensed site remediation professional and support engineering services to facilitate the NJDEP requirements associated with removal and formal closure of the UST. Concurrently, staff are working on preparing the plans and specifications to bid the construction contract for the removal.

Mr. Gates reported that there are no updates to the Round Valley Embankment Rehabilitation Project.

Mr. Gates reported on the Spruce Run Dam Foundation Grouting Project, stating that the Authority is currently out to bid for construction with a bid opening date of November 7, in anticipation of making a recommendation to award at the December 2 Board meeting.

Mr. Gates reported on the South Branch Pump Station Pump Rehabilitation and Equipment Upgrades. Mr. Gates stated that the pump and motor rehabilitation continues, while the traveling water screens delivery originally scheduled for mid-October has been pushed back due to manufacturing delays.

Mr. Gates reported on the D&R Canal Western Embankment Improvements, Phase I, Stockton, stating that the contractor returned on September 25 and September 26 to reseed areas of the embankment that did not adequately germinate with the original application.

Mr. Gates reported that the Six Mile Run Culvert Rehabilitation Project on the D&R Canal is complete.

Mr. Gates reported on the Prallsville Culvert Pit Repairs Project on the D&R Canal, stating that the consultant has scheduled soil borings on October 15 in the area of the culvert pit to determine site conditions to support continuing design efforts.

Mr. Gates reported on the Reconstruction of Various Sections of the Upper Canal Embankment, Raven Rock Lock to Prallsville Lock Project. Mr. Gates stated that the Authority has received near final plans from the engineering consultant that are currently under review by Authority staff.

Mr. Gates stated that there are two change orders presented in his report and offered to answer any questions.

Mr. Klipstein reported on the Watershed Management Program, stating that he did not have anything to add to his written report.

NEW BUSINESS

Ms. Shelley provided the background information on the resolution authorizing the execution of a Risk Management Consulting Services Agreement, WSA R25001. Ms. Shelley stated that the Authority solicits Risk Management Consulting Services on a three-year cycle. In May 2024, the Authority issued a Request for Technical Proposals for Risk Management Consulting Services. Ms. Shelley noted that two (2) consultants responded by the June 20, 2024 date set for the receipt of proposals. The firms that responded were Turner Surety and Insurance Brokerage Inc. of Saddle Brook, New Jersey, and Albert Risk Management Consultants of Framingham, Massachusetts. Ms. Shelley also noted that the Authority's incumbent firm is Albert Risk Management Consultants.

The NJWSA proposal evaluation committee ranked the proposals based on qualifications and the content of the technical proposals, and Albert Risk Management Consultants was ranked as number one. Ms. Shelley stated that, following approval from the Insurance Committee Chair, fee proposals were requested and received. Albert Risk Management Consultants' fee proposal was \$43,000.00 per year and Turner Surety and Insurance Brokerage's fee was \$36,000.00 per year. Ms. Shelley stated that a scope equalization process was undertaken to make a fair comparison between the two proposals since they were structured slightly differently. Negotiations were initiated with Albert Risk Management Consultants to reduce their fee. Ms. Shelley explained that the negotiations concluded with a reduction from the initial fee of \$43,000 per year to \$38,000 per year, which was found to be reasonable relative to the work incurred during the last remarketing period (10/1/21-9/30/24). Ms. Shelley further explained that while the negotiated amount is less than the \$44,000 threshold required for board approval, including the contract option to renew for two (2) subsequent years results in the three-year contract value approximating \$105,000.

Ms. Shelley stated that she misspoke regarding the negotiated fee reduction by Albert Risk Management Consultants from \$43,000.00 per year to \$38,000.00 per year, explaining that the reduced fee amount is \$35,000.00 per year.

Ms. Shelley stated that staff recommends the Board's approval of a resolution authorizing execution of a contract for Risk Management Consulting Services with Albert Risk Management Consultants for a one-year period in an amount not to exceed \$35,000 for program review

and remarketing, with options to renew for two consecutive one-year periods for general Risk Management Consulting Services.

Mr. Picco moved the resolution authorizing the Executive director to execute a Risk Management Consulting Services contract with Albert Risk Management Consultants, of Framingham, Massachusetts, for a one-year period in a reimbursable cost not to exceed amount of \$35,000.00 for program review and remarketing, with options to renew for two consecutive one-year periods for general risk management consulting services at a fee of \$35,000 for each year. Mr. Havens seconded the motion. All Authority members approved the resolution.

Ms. Shelley provided the background information on the resolution authorizing the execution of an Insurance Agent/Broker Services Agreement, WSA R25002. Ms. Shelley stated that The New Jersey Water Supply Authority solicits Insurance Agent/Broker Services on a three-year cycle. In July 2024, The Authority issued a Request for Technical Proposals, Statements of Qualifications, and Separately Sealed Fee Proposals for Insurance Agent/Brokerage Services. Two (2) firms responded by the July 31, 2024 date set for the receipt of proposals. The firms that responded were Willis of New Jersey, Inc. of Short Hills, New Jersey and Grundy Insurance of Horsham, Pennsylvania. Ms. Shelley noted that Willis of New Jersey is the Authority's incumbent. The NJWSA evaluation committee reviewed and ranked the proposals with Willis of New Jersey, Inc. of Short Hills, New Jersey ranking number one and Grundy Insurance of Horsham, Pennsylvania ranking number two. Willis' fee proposal was the lower fee of the two firms at \$48,500, for the first year, and \$45,000.00 for years two and three. Ms. Shelley stated that this was found to be reasonable relative to the work incurred during the last remarketing period (11/1/2021-10/31/2024).

Ms. Shelley stated that it is recommended that the Board authorize the Executive Director to execute an insurance brokerage agreement with Willis of New Jersey, Inc. for the Authority's 2025, 2026, and 2027 Insurance Program for \$48,500, \$45,000 and \$45,000 respectively.

Mr. Havens moved the resolution authorizing the Executive Director to execute a one-year insurance brokerage contract with two renewal options with Willis of New Jersey, Inc. of Short Hills, New Jersey for the annual sums of \$48,500, \$45,000 and \$45,000 for insurance brokerage services associated with the Authority's 2025, 2026, and 2027 Insurance Program. Mr. Picco seconded the motion. All Authority members approved the resolution.

Ms. Buckley provided the background information on the resolution authorizing the continuation of Resolution Adopting an

Incentive Plan under the State Health Benefits Program, Adopted November 7, 2016, R2256. Ms. Buckley stated that for the last several years, the Authority has been participating in a Voluntary Incentive initiative offered under the State Health Benefits program. Under the incentive plan, employees receive a one-time incentive payment when they opt to enroll in one of two lower cost medical insurance plans. The board approved the Authority's participation in the pilot plan at its November 2016 meeting. The plan has recently changed some of its provisions, and the Authority is seeking Board approval to continue participating in the plan, retroactive for the 2024 benefit year.

Mr. Havens moved the resolution authorizing the New Jersey Water Supply Authority to agree to participate in the State Health Benefit Program's Financial Incentive program in accordance with the specified provisions and to continue to do so with the State's provisions until such a time that the State terminates the Incentive Plan under the State Health Benefits Program. Ms. Blew seconded the motion. 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.

EXECUTIVE SESSION

There was no need for an Executive Session.

ADJOURN

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

I hereby certify this to be a true and original copy of the October 7, 2024 New Jersey Water Supply Authority meeting minutes.



Robin Greg
Finance & Accounting Analyst

It is noted that Resolution Number 2642 submitted with the Board package contained a clerical error pertaining to the year one fee amount proposed by Willis of New Jersey, Inc. Ms. Shelley correctly stated in her presentation that the year one proposed fee amount is \$48,500.00, which the Board approved. The resolution will be corrected accordingly.