NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the
New Jersey Water Supply Authority
August 3, 2026

A regular meeting of the New Jersey Water Supply Authority was convened on August 3, 2026 at 2:00 P.M. via teleconference.

As designated by Ed Potosnak, Commissioner, New Jersey Department of Environmental Protection and Chair, New Jersey Water Supply Authority, Steven Domber, State Geologist, Division of Water Supply and Geoscience, served as Acting Chair of the meeting and called the meeting to order.

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

Present: Steven Domber, Acting Chair
Susan Blew
Ellsworth Havens
Robert Iacullo
Seven Picco
Kenneth Klipstein

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Robert Barth, D&R Canal Watch
Robert Fullagar, Middlesex Water Company

Marc Brooks, Executive Director
Stephen Gates, Chief Engineer
Anthony Colasurdo, Director Manasquan Water Supply System/D&R Canal Operations
Heather Desko, Director Watershed Protection Programs
Rita Shaw, Controller
Dorota Neulinger, Supervisor, Financial Services
Julie Hajdusek, Manager, Contracts and Risk Management
Robin Greg, Finance & Accounting Analyst
Jared Berger, Geospatial Analyst
Jonathan Allen, Deputy Attorney General
Azeem Chaudry, Associate Counsel, Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Domber opened the meeting by asking for the approval of the minutes of the May 4, 2026 meeting. Mr. Klipstein moved for the approval of the minutes as prepared, and this motion was seconded by Mr. Havens. The minutes of the May 4, 2026 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Brooks noted that ethics forms are due. Mr. Brooks stated that everyone has a copy of his report. Mr. Brooks stated that the Drought Warning declared by the NJDEP on December 5 of last year is still in effect. Mr. Brooks explained that as a result of the continuing rainfall deficiencies on July 23, NJDEP again lowered minimum passing flow levels in the Raritan River basin. Mr. Brooks stated that this allows reduced releases from Round Valley and Spruce Run Reservoirs. Mr. Brooks noted that reservoir releases at Round Valley and Spruce Run started early this year and have been steady until last week.

Mr. Brooks stated that in Clinton, precipitation from May through July was 10.1 inches, about 2.4 inches below average for those three months. Mr. Brooks noted that Manasquan precipitation for May through July was 12.37 inches, about one quarter inch below average for the three-month period.

Mr. Brooks noted that reimbursement on the BRIC grant for the Spruce Run Grouting Project is $18M out of $22.6M, and that a final request has been made for the total amount of the grant.

COMMUNICATION/CORRESPONDENCE

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

UNFINISHED BUSINESS

Mr. Colasurdo reported on the Manasquan Reservoir System. Mr. Colasurdo stated that as of today, the reservoir is at 80.33 percent of its storage capacity and that operations remained routine through June and July, with storage decreasing by 16.5

percent over the two-month period, which is typical for this time of year.

Mr. Colasurdo reported on the Water Treatment Plant/Transmission System, stating that operations have remained stable, with the plant primarily sourcing river water. Mr. Colasurdo noted that during the month of July, the plant experienced several power outages due to high electrical grid demand. Mr. Colasurdo explained that the emergency generator operated as expected, allowing uninterrupted plant operations with no loss of production.

Mr. Colasurdo gave an update on monitoring and reporting, stating that cybersecurity incidents affecting water systems are being monitored, including recent reports from Minnesota. Mr. Colasurdo noted that the Authority's cybersecurity safeguards are currently up to date, including firewalls, password protection protocols, and logic control systems that are not directly connected to the internet which helps to reduce the risk of unauthorized access and protect plant operations.

Mr. Colasurdo also stated that for the first time, bi-weekly water quality parameter data collected in July will be submitted through the NJDEP EnSuite platform. Mr. Colasurdo noted that this change will streamline monthly compliance reporting.

Mr. Colasurdo provided an update to contract C25017. Mr. Colasurdo stated that Filtered Water Pump No. 1 was refurbished by Longo Mechanical and re-installed on May 28. Mr. Colasurdo noted that the pump could not be returned to service due to excessive leakage at the packing gland. Mr. Colasurdo explained that Longo is fabricating a replacement part and is expected to return to complete installation as soon as possible.

Mr. Gates reported on the Raritan Basin System. Mr. Gates stated that in the Raritan Basin System, minimum required Spruce Run release in combination with above average July precipitation has arrested the reservoir level drop and resulted in modest recovery. Mr. Gates stated that Spruce Run is at 61.6 percent capacity, and Round Valley is at 89.6 percent capacity, for a combined system storage of 84.9 percent. Mr. Gates noted that this is just about 8 percent lower than the historic average for this date.

Mr. Gates reported that the Canal is in alternate operation with excess water being shed to the Millstone River at Kingston wastegate to elevate flows in a longer stretch of the Millstone

to combat conditions conducive to HAB propagation resulting from outflow from Carnegie Lake. Mr. Gates explained that excess vegetation is inhibiting flow in the feeder section of the canal, making it difficult to meet the 100 MGD maximum transfer and noted that Ms. Desko will discuss this in her report. Mr. Gates stated that staff are making operational adjustments to various feed gates and wastegates in order to maintain levels in the downcanal sections.

Mr. Gates reported on the Spruce Run Dam Foundation Grouting Project, stating that the Contractor is slightly ahead of schedule for base contract work and is awaiting word on a substantial change order that will be presented later in this meeting.

Mr. Gates reported on the Round Valley and Spruce Run Reservoirs Sluice Gate Cleaning, Inspection, and Refurbishment Project, stating that the contractor has completed their work and performed operational testing. Mr. Gates noted that Authority staff will take advantage of the zero-release condition to conduct an allowable leakage observation this week.

Mr. Gates stated that there is one change order presented in his report and offered to answer any questions.

Mr. Klipstein asked if Princeton University is working on anything regarding Carnegie Lake. Ms. Desko stated that it was treated today with a peroxide product.

Mr. Klipstein asked if there was a plan for the four final pumps at the Pumping Station to be rehabilitated. Mr. Brooks stated that once the four pumps that are currently being rehabilitated are back and in service, the other four will be investigated for rehabilitation.

Mr. Klipstein also asked about the status of the backup generator for the Watershed Office. Mr. Gates stated it is currently in DCA permitting.

Ms. Desko reported on the Watershed Protection Program. Ms. Desko stated that everyone has a copy of her report. Ms. Desko stated that as Mr. Gates mentioned, Canal staff have reported difficulties in obtaining the maximum passing flow of 100 MGD at Port Mercer. Ms. Desko explained that this is due to aquatic vegetation growth, both native and invasive species, which is a recurrent and ongoing issue in the Canal. Ms. Desko further

explained that when the herbicide application program was initiated in 2017, aquatic vegetation in the Canal was significantly impacted over the first few years of treatment.

Ms. Desko stated that native vegetation began growing again in 2024, two years after our last treatment. Ms. Desko noted that typically, the vegetation impedes flow to some degree, and usually later in July and August. However, it began earlier this year. Ms. Desko stated that as the Authority restarted the herbicide program this year starting on July 6, the target dose rate was increased from 2ppb to 4ppb to have an impact on more native species, not just the hydrilla. Ms. Desko explained that the herbicide used, fluridone, is a systemic and slow-acting product, so it does take several weeks to see growth impacts. Ms. Desko stated that a targeted mid-season survey last week found hydrilla was experiencing chlorosis and monitoring results have indicated that the treatment has not reached the target concentration of 4ppb that would have more impacts on the Vallisneria (commonly referred to as eelgrass).

Ms. Desko noted that the Authority is working with the contractor to monitor and adjust dosing, but concentrations have also likely been impacted by the localized significant rainfall over the past two weeks. Ms. Desko noted that next year, the treatment will begin earlier and likely at the higher target dose rate for more impact on the native plants that are impeding flow. Ms. Desko offered to answer any questions.

NEW BUSINESS

Ms. Shaw presented the Unaudited Financial Statements for the nine months ending March 31, 2026. Ms. Shaw stated that everyone has a copy of her memo for the financial statement results as of March 31, 2026 and that they are available on the Authority website.

Ms. Shaw noted some highlights. Ms. Shaw stated that the Financial Statements show favorable results of operations for the third quarter of FY2026. Ms. Shaw noted that there is net income of $19.6 million compared to $9.2 million for the same period last year and stated that this is due to an increase in non-operating revenue as of a result of the receipt of $12.3

million of grant proceeds related to the FEMA BRIC program as of March 31.

Ms. Shaw stated that Operating expenses are on budget at 75.9 percent of total budgeted expenses for the fiscal year and are 6.1 percent higher than the same time last fiscal year due to contractual increases in salary & fringe benefits as well as inflation. Ms. Shaw offered to answer any questions, and no Board action was required.

Ms. Hajdusek provided the background information for the resolution authorizing execution of a D&R Canal Transmission Complex utility lease agreement with New Jersey-American Water Company, Inc. for operation of a 16-inch water main that crosses under the D&R Canal in Lawrence Township, Mercer County (NJAW4).

Ms. Hajdusek stated that in 1976, the Division of Water Resources of the Department of Environmental Protection issued a 25-year lease with a 25-year renewal term to Elizabethtown Water Company for a 16-inch water main to be installed under and along the Canal. Ms. Hajdusek stated that the pipeline was constructed and has been in operation since that time and is now owned by New Jersey-American Water Company, Inc., successor to Elizabethtown Water Company and that the 1976 lease expires in 2026.

Ms. Hajdusek explained that a new 20-year lease with New Jersey American Water for the approximately 28,000 square feet of State property occupied by the pipeline has been created per current State guidelines for terms, conditions and valuation. Ms. Hajdusek noted that the rent was determined by appraisal and will be $26,200 per year, adjusted annually by 2.5 percent. Ms. Hajdusek stated that an appropriate resolution is included for Board consideration. Ms. Hajdusek offered to answer any questions.

Mr. Klipstein asked if the Authority receives periodic inspection reports on the pipeline. Ms. Hajdusek and Mr. Brooks confirmed that inspection reports are not received as part of the lease agreement.

Mr. Iacullo moved the resolution authorizing the Executive Director to execute a D&R Canal Transmission Complex utility twenty (20) year lease agreement with New Jersey-American Water Company, Inc. for operation of a 16-inch water main that crosses under the D&R Canal in Lawrence Township, Mercer County (NJAW4) for an annual total lease payment of $26,200, subject to an annual inflation rate of 2.5 percent. Mr. Klipstein seconded the motion. All Authority members approved the resolution.

Mr. Gates provided the background information for the resolution authorizing Change Order No. 07 for Spruce Run Reservoir Resource Preservation – Foundation Grouting Project, Clinton Township, Town of Clinton, and Union Township, Hunterdon County, New Jersey, WSA-C24022.

Mr. Gates stated that the distilled version of the information presented in the memo is that the Spruce Run Dam needs more work than was originally envisioned in order to meet the primary objective of this project: to restore the integrity of the original grout curtain in order to address concerns associated with a Potential Failure Mode identified by the Technical Review Board during their 2017 Potential Failure Modes Analysis.

Mr. Gates explained that all involved recognize that this is an extraordinary change order, and certainly the largest of his career. Mr. Gates stated that because of that, the Capital Projects Committee was previously briefed, in conjunction with Deputy Attorney General Allen, and GAU Representative Chaudry, as to the details, reasoning, and financial impacts associated with this change order. Mr. Gates noted that another Commissioner was also briefed on a separate occasion, and all were in support during those meetings.

Mr. Gates stated that there really is no question that the work needs to be done. The TRB, Engineer of Record, and Authority staff are all in agreement on that, in order to address dam safety and water supply concerns. Mr. Gates further explained that the decision ultimately became whether to perform the work under this contract or finish this contract, as bid, and rebid the proposed work as a separate construction contract. Mr. Gates stated that when considered through lenses of

financial and dam safety responsibilities, it was universally agreed upon that it was prudent to pursue this additional work under this contract, with the currently assembled design, construction, and technical oversight team. Ultimately, this is highly specialized work that only a handful of contractors in North America are qualified to perform. Mr. Gates stated that work that has been performed to date is being utilized to estimate additional quantities of competitively bid contract items. Mr. Gates explained that an escalation factor has been applied to these items to compensate the Contractor for the additional 245 days of work spanning two construction seasons across another winter of reduced productivity. Some specific line items had higher inflationary impacts than others. For instance, increased fuel costs have impacted delivery, hauling, and asphalt. Mr. Gates noted that the memo contains a table outlining each line item. The composite weighted average escalation factor equals 6.5 percent, and the change order has been evaluated by the Technical Review Board, the Engineer of Record, and Authority staff and is believed to be fair and appropriate.

Mr. Gates stated that it is recommended that Change Order No. 07 be approved with Keller Industrial, Inc. of Rockaway, New Jersey in the amount of $24,437,035.44 and an increase in contract duration of 245 days for each of Substantial and Final Completion and that an appropriate resolution has been prepared for Board consideration. Mr. Gates offered to answer any questions.

Mr. Domber asked if there was anything learned during this process, that if done differently could have prevented such a large change order.

Mr. Gates discussed that the original 1960s project was done in two separate construction contracts, the first one being exploratory, and the second was a focused rehabilitative effort as a result of the information gathered from the first phase. Mr. Gates explained that it would have been ideal to perform this current project in a similar fashion, but there was urgency associated with the timeline and getting it done.

Ms. Blew moved the resolution authorizing the Executive Director to execute Change Order No. 07 with Keller Industrial, Inc. of Rockaway, New Jersey, for Construction Services necessary for the Spruce Run Reservoir Resource Preservation Project – Foundation Grouting, Clinton Township, Town of Clinton, and Union Township, Hunterdon County, New Jersey, by a unit price and lump sum cost not to exceed amount of $24,437,035.44 and an increase in contract duration of 245 calendar days to Substantial Completion, and 245 calendar days to Final Completion. The change order will raise the total contract amount to $67,754,706.71. Mr. Picco 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 – The Capital Projects Committee met on June 18 to discuss contractual issues with Southeast Monmouth Municipal Utilities Authority and the large change order that was the subject of today's resolution.
(f) Insurance - no report
(g) Watershed Lands Acquisition – no report

PUBLIC COMMENT

EXECUTIVE SESSION

There was no need for an Executive Session.

ADJOURN

Mr. Klipstein 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 August 3, 2026 New Jersey Water Supply Authority meeting minutes.

Robin Greg

Robin Greg
Finance & Accounting Analyst