



## NEW JERSEY WATER SUPPLY AUTHORITY

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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

May 2, 2022

A regular meeting of the New Jersey Water Supply Authority was convened on May 2, 2022 at 2:00 P.M. via teleconference and 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 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

Absent: Steven Picco

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Robert Barth, D&R Canal Watch  
Frank Marascia, New Jersey American Water  
Oleg Kostin, New Jersey American Water

Authority Staff Present:

Marc Brooks, Executive Director  
Susan Buckley, Director Finance & 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  
Michelle Rollman, Finance and Accounting Analyst  
Kathrine Hunt, Deputy Attorney General  
Jeffrey Nielsen, Associate Counsel, Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Ofori opened the meeting by asking for the approval of the minutes of the April 4, 2022 meeting. Mr. Havens moved for the approval of the minutes as prepared and this motion was seconded by Ms. Blew. The minutes of the April 4, 2022 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Brooks noted that everyone has a copy of his report. Mr. Brooks reminded the Commissioners that Financial Disclosure Statements are due on May 15.

Mr. Brooks stated that the Authority was able to secure valid quotes for the two lines of coverage not included in the original binding of the insurance policies. As chair of the Insurance Committee, Commissioner Havens approved the additional insurance coverage for the two underground storage tanks, which are greater than 33 years old, and for the drone. Complete data was not available to present the resolution at the current meeting. Staff expects to present that resolution at the next Board meeting.

Mr. Brooks noted that the Authority continues to follow all guidance from the Governor's office with respect to COVID-19. All of staff has returned to work in the office on a full-time basis. The Governor's office has asked all Authorities to explore permanent work from home opportunities for employees that are able to do so. Work from home for any employee will not be greater than two days per week and a trial period of one year will start on July 1. The Authority has had one case of COVID since January 30.

Mr. Brooks stated that rainfall recorded at the Spruce Run gage for April was 6.37 inches which was 2.62 inches above average.

Rainfall recorded at Manasquan for April was 5.08 inches which was 0.81 inches above average.

#### COMMUNICATIONS/CORRESPONDENCE

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

#### UNFINISHED BUSINESS

Mr. McKeon provided a report on the Water Treatment Plant and the Manasquan Reservoir System. Mr. McKeon stated that everyone has a copy of his report. Mr. McKeon stated that operations have been normal at the Manasquan System over the last month. The Reservoir is full and algae levels are low. Staff has been working on preventative maintenance.

Mr. Shaffer reported on the Raritan Basin System. Mr. Shaffer stated that everyone has a copy of his report. Mr. Shaffer noted that the Spruce Run Reservoir is currently at 100.6 percent of capacity. Round Valley is currently at 66.2 percent of capacity. The combined reservoir capacity is now at 71.9 percent while the typical combined level for this date is 93.9 percent.

Mr. Shaffer noted that on April 22, a tractor trailer accident occurred near the Clinton Administration Building at the intersection of Cregar Road and Rt. 31. The Accident resulted in the release of less than 50 gallons of diesel fuel to a storm drain which discharges to Willoughby Brook, just a few hundred feet upstream of Spruce Run Reservoir. Emergency responders and the county health department responded promptly, installing sorbent booms and pads around the storm drain and across the stream before it enters the reservoir. These actions controlled the spill before it impacted the reservoir. A cleanup contractor has been retained by the responsible party to continue monitoring the site and replace sorbent booms as required.

Mr. Shaffer reported on Canal operations. Mr. Shaffer stated that Canal operations are normal for this time of year. Staff completed repair of the Finger Dike which breached during the remnants of Hurricane Ida. Mr. Shaffer noted that the Finger Dike is an ancillary structure that does not impound the canal.

Mr. Shaffer stated that, last week, a Water Supply Operator observed a sinkhole forming on the canal side slope of the canal embankment in Ewing Township. There was no evidence of flowing water, so it was not considered an emergency. Staff was able to promptly fix the condition by excavating loose material, installing a clay cutoff and backfilling to normal grade. The location will

continue to be monitored for any future changes.

Mr. Shaffer reported on the Round Valley Reservoir Dams Rehabilitation and Resource Preservation Project. Major earthwork is ongoing at both the North and South Dams. Nearly all of the excavation is complete at the North Dam and installation of the chimney filter drain is progressing. Decommissioning of the dewatering wells at the North dam was completed last week. Mr. Shaffer stated that this is an important milestone because it means that the newly installed filter and drain are functioning properly and the wells are no longer needed. Excavation to target elevations is continuing at the South Dam and site restoration work is continuing at the Dike. As the weather warms, both the prime contractor and earthwork sub-contractor working on the North Dam have been extending their working hours.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report. Mr. Klipstein stated that in partnership with the NJDEP, the Authority was able to submit the previously discussed grant proposal for the development of a state aquatic invasive species management plan to the Mid-Atlantic Panel on Aquatic Invasive Species by the April 8 deadline. Mr. Klipstein discussed an additional grant opportunity announced by the Department of Environmental Protection. Mr. Klipstein stated that ten million dollars are available in stormwater management grants for publically managed lake water quality improvements. The funds are available from the Federal American Rescue Plan Act and the grant deadline is May 28. The Authority plans to submit a proposal for a full Spruce Run physical, chemical and biological characterization.

#### NEW BUSINESS

Mr. Iacullo provided the background information on the resolution accepting the audit prepared by Mercadien, P.C. Certified Public Accountants, for the year ended June 30, 2021. Mr. Iacullo stated that the Authority engaged Mercadien, P.C. to perform its 2021 audit in accordance with selection procedures outlined in Executive Order 122. Mr. Iacullo noted that the annual audit is usually delivered to the Audit Committee for approval in October of each year. This year, due to a delay in the release of Other Pensions and Benefit ("OPEB") data from the state, the audit was delivered in April. An Audit Committee meeting was held on April 14, 2022. In the audited financial statements for fiscal year 2021, there are no reportable matters regarding the internal control structure, and the independent auditor is issuing an unqualified or clean opinion. Mr. Iacullo noted that the resolution also authorizes the final report to be posted on the Authority's website and distributed to all interested parties.

Mr. Iacullo moved the resolution to accept the audit report prepared by Mercadien, P.C. for the fiscal year ended June 30, 2021. Mr. Havens seconded the motion. All Authority members approved the resolution.

Ms. Buckley provided the background information on the resolution approving the 2021 Annual Report of the New Jersey Water Supply Authority. Authority statute and Executive Order 37 require that the Authority issue an Annual Report by the last day in February. Ms. Buckley noted that due to the delay in the release of Other Pensions and Benefit ("OPEB") data from the state, the report was delayed until this month. A draft copy of the Authority's Annual Report for fiscal year 2021 was included in the Board packages. Ms. Buckley stated that the report must address several items, which include a report and review of operations and actions of the Authority, audited financial statements, discussion of internal financial controls, efficiencies, and tie-in to the State's economic growth. All of the required items have been included in the Annual Report. Upon Board approval, the annual report will be posted on the Authority's website and provided to the required parties.

Mr. Iacullo moved the resolution approving the 2021 Annual Report of the New Jersey Water Supply Authority. Ms. Blew seconded the motion. All Authority members approved the resolution.

Ms. Shaw provided the background information on the Unaudited Financial Statements for the Three Months Ending September 30, 2021. Ms. Shaw stated that the financial statements have been distributed to all interested parties and are available on the Authority website as required by bond resolutions. Ms. Shaw noted that the financial statements for the three months show favorable results of operations. Ms. Shaw discussed specifics in the change in Net Position, Operating Revenue, Operating Expense, and Income from Operations for the three months relative to the prior year.

Ms. Shaw offered to answer any questions and stated that no Board action was required.

Ms. Shaw provided the background information on the Unaudited Financial Statements for the Six Months Ending December 31, 2021. Ms. Shaw stated that the financial statements have been distributed to all interested parties and are available on the Authority website as required by bond resolutions. Ms. Shaw noted that the financial statements for the six months show favorable results of operations. Ms. Shaw discussed specifics in the change in Net Position, Operating Revenue, Operating Expense, and Income from Operations for the six months relative to the prior year.

Ms. Shaw offered to answer any questions and stated that no Board action was required.

Ms. Buckley provided the background information on the resolution adopting revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, to become effective July 1, 2022 (regulations found at N.J.A.C. 7:11-4.1 et seq.) Ms. Buckley stated that the Board authorized the rate proposal at the November 1, 2021 Board meeting. The rate proposals were published in local newspapers during December, 2021 and published in the New Jersey Register on January 3, 2022. The Governor's office has approved the rate adoption. It is anticipated that the adoptions will be published in the June 21, 2022 New Jersey Register.

Ms. Buckley stated that in the Manasquan System there is no change from the initial proposal and no change from fiscal year 2022. There were no attendees at either the pre-public meeting or the public hearing and no written comments were submitted. The detailed Hearing Officer's report is available on the Authority website.

Ms. Blew moved the resolution adopting revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, to become effective July 1, 2022 (regulations found at N.J.A.C. 7:11-4.1 et seq.). Mr. Havens seconded the motion. All Authority members approved the resolution.

Ms. Buckley provided the background information on the resolution adopting revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System, to become effective July 1, 2022 (regulations found at N.J.A.C. 7:11-2.1 et seq.) Ms. Buckley stated that the Board authorized the rate proposal at the November 1, 2021 Board meeting. The rate proposals were published in local newspapers during December, 2021 and published in the New Jersey Register on January 3, 2022. The Governor's office has approved the rate adoption. It is anticipated that the adoptions will be published in the June 21, 2022 New Jersey Register.

Ms. Buckley stated that in the Raritan System there is no change from the initial proposal and no change from fiscal year 2022. There were no attendees at either the pre-public meeting or the public hearing and no written comments were submitted. The detailed Hearing Officer's report is available on the Authority website.

Ms. Blew moved the resolution adopting revisions to the Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System, to become effective July 1, 2022 (regulations found at N.J.A.C. 7:11-4.1 et seq.) Mr. Iacullo seconded the motion. All Authority members approved the resolution.

Ms. Buckley provided the background information on the resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2023 (July 1, 2022 - June 30, 2023). Ms. Buckley stated that in addition to the budget document posted on the Authority website, the Board packages include a detailed discussion of the Manasquan budget which supports the rates. Ms. Buckley stated that the overall budget for the Manasquan Reservoir System is approximately 2.3 percent higher than in fiscal year 2022, mainly as a result of increases in overhead costs paid to the Raritan System, and an increase in the adjustment for salary and fringe between the Reservoir and Water Treatment Plant. Ms. Buckley stated that prior year overdrafts and favorable budget variances are being used to stabilize rates. Ms. Buckley offered to answer any questions.

Ms. Blew moved the resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2023 (July 1, 2022 - June 30, 2023). Mr. Havens seconded the motion. All Authority members approved the resolution.

Ms. Buckley provided the background information on the resolution approving the Authority's Raritan Basin System Budget for Fiscal Year 2023 (July 1, 2022 - June 30, 2023). Ms. Buckley stated that in addition to the budget document posted on the Authority website, the Board packages include a detailed discussion of the Raritan budget which supports the rates. Ms. Buckley stated that the overall budget for the Raritan System is approximately .07 percent higher than in fiscal year 2022, mainly as a result of increases in contractual salary and health benefit expenses, which are partially offset by an increase in the allocation of headquarters expenses to the Manasquan Reservoir System. Ms. Buckley stated that prior year fund balances and overdrafts are being used to stabilize rates.

Mr. Iacullo moved the resolution approving the Authority's Raritan Basin System Budget for Fiscal Year 2023 (July 1, 2022 - June 30, 2023). Ms. Blew seconded the motion. All Authority members approved the resolution.

Ms. Shelley provided the background information on the resolution authorizing the Executive Director to execute a quit claim deed for Block 22, Lot 1 in Readington Township, Hunterdon County, to confirm the Authority's property interest as an easement interest only. Ms. Shelley stated that the Authority owns easement

rights for a pipeline over a portion of Block 22, Lot 1 in Readington Township, Hunterdon County. The Authority gained interest in this property when the NJDEP conveyed its interest in the Round Valley Reservoir properties to it in 1984. In this deed, the interest conveyed to the Authority in the 6.28-acre portion of Block 22, Lot 1 in Readington Township was described as an "easement interest".

Ms. Shelley described the history of the easement acquisition and the current lot owner's recent real estate transaction, during the course of which, a title company identified a discrepancy with regard to the Authority's interest in the property. Ms. Shelley stated that the Declaration of Taking as recorded on December 5, 1975 indicated that the State's acquisition of 6.28 acres of Lot 1 was an estate in fee simple and the subsequent Judgement on Appeal dated July 27, 1977 indicated that the State's acquisition was an easement.

Ms. Shelley stated that the Attorney General's office has asked the Authority to sign a quit claim deed to the buyer, conveying all property interest(s) it may possess, with exception of the easement interest. The Authority has the power to acquire and dispose of property interests by way of its enabling legislation. The Authority's Deputy Attorney General has also reviewed the documents associated with this transaction and supports this quit claim deed action.

Mr. Iacullo moved the resolution authorizing the Executive Director to sign a quit claim deed for Block 22, Lot 1 in Readington Township, Hunterdon County, to confirm the Authority's property interest as an easement interest only. Ms. Havens seconded the motion. All other Authority members approved the resolution.

Mr. Shaffer provided the background information on the resolution authorizing Change Order No. 1 - Construction contract for Round Valley Reservoir Structures Refurbishment and Resource Preservation Project - Earthen Dam Rehabilitation and Ancillary Work, Clinton Township, Hunterdon County, New Jersey, WSA-C19030. Mr. Shaffer stated that in the fall of 2019, several months prior to awarding the contract for rehabilitation of the Round Valley dams, the Authority awarded a contract to an electrical contractor to provide new or upgraded electrical service to the three dams to meet the needs of the project. The electrical contract was expected to be completed before the embankment project needed the electrical service. Due to a variety of delays associated with the electrical work, upgraded power for the North Dam was not available until the fall of 2020. As a result, the Authority directed the dam rehabilitation contractor to provide temporary generator power to meet project needs at the North dam. This generator was operated

for about eight months to supply power to the contractor's trailers, the engineer's trailer, and the dewatering wells.

Mr. Shaffer stated that after permanent grid power was available, the contractor submitted a change order request. Mr. Shaffer described negotiations between the Authority and the contractor, which resulted in a final change order amount of \$325,000, which Authority staff found to be fair and reasonable.

Ms. Blew moved the resolution to authorize the Executive Director to execute Change Order No. 1 with Thalle Construction Company, Inc. of Hillsborough, North Carolina for construction services necessary for the Round Valley Reservoir Structures Rehabilitation and Resource Preservation Project - Earthen Dam Rehabilitation and Ancillary Work, Clinton Township, Hunterdon County, New Jersey, by a reimbursable cost not to exceed amount of \$325,000.00. Mr. Havens seconded this motion. All Authority members approved the resolution.

Mr. Klipstein provided the background information on the resolution to amend Resolution 2393, adopted on May 6, 2019. Mr. Klipstein stated that Resolution 2393, adopted on May 6, 2019 authorized the acceptance of \$50,000 in mitigation dollars from Grace Hill Properties, LLC as mitigation required by the D&R Canal Commission ("DRCC") for the remediation of the failed septic system at the Port Mercer Canal House. The resolution further authorized the Authority to commit an additional \$20,000 received from the DRCC in 2002 to the septic system rehabilitation. Finally, the resolution authorized the Authority to enter into a targeted donation or other appropriate agreement with NJDEP to provide NJDEP the \$70,000 for the design and replacement of the on-site septic system at the Port Mercer Canal House. The Authority issued a \$70,000 payment to NJDEP in August 2021.

Based on the engineering studies commissioned by NJDEP, the preferred water quality system remediation project was to replace the existing failed septic system with a replacement septic system. Subsequently, based on additional studies of site conditions, NJDEP determined that the replacement septic system on the property is not feasible.

Mr. Klipstein stated that this resolution amends Resolution 2393 adopted on May 6, 2019 and authorizes a change in the selected water quality remediation project at the Port Mercer Canal House from a replacement septic system to connection to the Ewing Lawrence Sewerage Authority (ELSA) Treatment Plant as the alternate project. All other conditions stipulated in Resolution 2393 remain binding.

Mr. Iacullo moved the resolution to authorize the Executive Director to amend Resolution 2393, adopted on May 6, 2019. Ms. Blew seconded this 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 Committee - no report

PUBLIC COMMENT

There was no public comment.

EXECUTIVE SESSION

There was no need for an executive session.

RETURN TO PUBLIC SESSION

Mr. Havens moved to adjourn the meeting. Ms. Blew seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:37 P.M.

I hereby certify this to be a true and original copy of the May 2, 2022 New Jersey Water Supply Authority meeting minutes.

*Michelle Rollman*

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Michelle Rollman  
Finance and Accounting Analyst