



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

May 1, 2023

A regular meeting of the New Jersey Water Supply Authority was convened on May 1, 2023 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, 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
Robert Iacullo

Absent: Steven Picco

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Oleg Kostin, New Jersey American Water

Authority Staff Present:

Marc Brooks, Executive Director
Darin Shaffer, Chief Engineer
Paul McKeon, Director Manasquan Water Supply System/D&R Canal

Kenneth Klipstein, Director Watershed Protection Programs
Rita Shaw, Controller
Dorota Neulinger, Principal Accountant
Michelle Rollman, Finance and Accounting Analyst
Jared Berger, Geospatial Analyst
Kathrine Hunt, Deputy Attorney General
Thomas Holl, Associate Counsel, Authorities Unit

APPROVAL OF THE MINUTES

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

EXECUTIVE DIRECTOR'S REPORT

Mr. Brooks noted that everyone has a copy of his report. Mr. Brooks announced that the Authority has once again received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. Mr. Brooks commended the Authority finance team.

Mr. Brooks stated that February precipitation at Spruce Run rain gage was 1.26 inches, 2.7 inches below average. March precipitation at Spruce Run was 2.50 inches, 1.17 inches below average. April precipitation at Spruce Run was 5.46 inches, 1.67 inches above average.

Mr. Brooks noted that pumping operations to Round Valley initiated on February 27 of this year. As of the date of this meeting, the Authority reached the pumping goal which was to replace approximately eight feet or 4.9 billion gallons, and pumping was shut down for the season. The Authority added 4.2 billion gallons by pumping and about 0.7 billion gallons can be attributed to rainfall. During this pumping period, the Authority took the unusual step of periodically releasing water from Spruce Run, allowing for a more consistent supply to support pumping operations. The releases were relatively small and only resulted in modest, temporary reductions in the Spruce Run pool and Spruce Run is currently at 100 percent capacity. Round Valley storage is at 66.2 percent.

Mr. Brooks stated that the pumps operated well with only a few nuisance alarms that created de minimis periods of pump shut down. Since the South Branch Pump station had not been operated in five years, this successful pumping period also served to train some of the newly appointed staff who had never experienced actual operation of the pumps.

Mr. Brooks stated that rainfall at the West Farms weather station in Manasquan for March was 3.75 inches which was 0.65 inches below average. Rainfall in Manasquan for April was 9.16 inches which was 4.78 inches above average.

COMMUNICATIONS/CORRESPONDENCE

Mr. Brooks stated that there was one news article included in the Board package regarding the pumping to Round Valley.

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 noted that there has been a great deal of rain in the Manasquan system during the month of April and the Reservoir is full. The water quality is good. Mr. McKeon stated that operations have been normal. Staff has been working on preparations for the summer and preventative maintenance.

Mr. Shaffer reported on the Raritan Basin System. Mr. Shaffer stated that everyone has a copy of his report. Mr. Shaffer discussed reservoir storage and noted that Canal operations are normal for this time of year.

Mr. Shaffer reported on the Round Valley Reservoir Dams Rehabilitation and Resource Preservation Project. Mr. Shaffer stated that major earthwork at Round Valley resumed in March and April following the winter shutdown. In mid-April, the contractor split their crew into overlapping shifts working 6 am to 11 pm. Mr. Shaffer noted that as the work progresses up the slope, the width of the dam increases, providing more room for equipment and larger crews. The split shift is intended to allow the contractor to increase the crew size as that space becomes available. The chimney drain and earthfill have been constructed up to about elevation 270. The top of dam is elevation 395. Although the work began with a slow start that put the contractor a couple of weeks behind their submitted schedule, the contractor still anticipates completing the major earthwork at the South Dam by the end of this year.

Mr. Shaffer stated that work on the North Dam continues at a slower pace as a small crew works on various project components such as access roads, instrumentation, manhole rings, and guiderails. Some final grading of staging and stockpile areas and removal of sediment retention basins also remain to be completed.

Mr. Shaffer discussed the Landing Lane Spillway Project. Mr. Shaffer noted that the contractor is currently focused on completing

the concrete foundation for the stone masonry. The concrete spillway crest and toe are complete. The work is expected to be completed in June.

Mr. Shaffer discussed the South Branch Pump Station pump rehabilitation and equipment upgrades. With completion of the spring pumping operation, the contractor can begin the work to rehabilitate four pump and motor assemblies about four weeks ahead of schedule. A kickoff meeting was held last week, and the contractor has begun providing necessary submittals.

Mr. Shaffer reviewed the project to replace eleven sluice gates at four different locks on the D&R Canal. A kickoff meeting was held in April and the contractor is currently working with the sluice gate manufacturer to develop submittals for appropriately sized gates. Due to a long lead time for the sluice gates, the installation is not expected to begin until next fall.

Mr. Shaffer discussed the western canal embankment rehabilitation in Stockton. Several embankment locations along a one-mile stretch of the Canal in Stockton Borough were damaged in various storms over the past decade. These areas were temporarily repaired. A project to improve the areas of temporary repairs, level the crest of the embankment and repair some historic stone masonry is currently being advertised for bids. Five potential bidders attended a pre-bid meeting that was held last week.

Mr. Shaffer stated that the project to design and construct an aeration system to reduce harmful algae blooms in Manasquan Reservoir kicked off with a meeting held earlier today. The consultant plans to collect sediment samples from the reservoir floor this week which will be evaluated to inform the alternatives analysis and design of the final product.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report. Mr. Klipstein stated that the Authority is preparing for the hydrilla treatment season in the Manasquan System. Mr. Klipstein noted that hydrilla treatment for the Canal is not required this year due to the success of the prior treatment.

Mr. Klipstein stated that positions have been filled for the Boat Steward Program in the Spruce Run Reservoir and the Manasquan Reservoir and that the program will additionally be conducted in the Round Valley Reservoir this year. The program will be enhanced by the installation of waterless cleaning units that will be funded through a grant from the Department of Environmental Protection. In response to a question from Mr. Havens, Mr. Klipstein stated that the program is educational for boaters and that stewards collect

statistical data that helps to track and prevent the proliferation of aquatic invasive species.

In answer to a question from Ms. Blew, Mr. Klipstein stated that he would provide her with additional information regarding the conflict between USDA-NRCS and state and county criteria for farmland easement.

NEW BUSINESS

Ms. Shaw provided the background information on the Unaudited Financial Statements for the three months ending September 30, 2022 and the six months ending December 31, 2022. Ms. Shaw noted that bond resolutions require the Authority to prepare and distribute unaudited financial statements to interested parties within 45 days of the end of each quarter. 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. Ms. Shaw stated that the financial statements have now been distributed to all interested parties and are available on the Authority website.

Ms. Shaw stated that the financial statements show favorable results of operations. For the six months ending December 31, 2022, there is net income of \$7.7 Million compared to \$5.2 million for the same period last year. The change in net income is largely due to an increase in overdraft revenue due to the dry summer. Operating expenses at December 31, 2022, are on budget and totaled \$12.3 million which is 49.0 percent of the total budgeted expenses for the fiscal year and 2.2 percent higher than the same time last fiscal year. Ms. Shaw offered to answer any questions and stated that no Board action was required.

Mr. Brooks 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, 2023 (regulations found at N.J.A.C. 7:11-4.1 et seq.) Mr. Brooks stated that the Board authorized the rate proposal at the November 7, 2022 Board meeting. The rate proposals were published in local newspapers during December of 2022 and published in the New Jersey Register on January 3, 2023. The Governor's office has approved the rate adoption. It is anticipated that the adoptions will be published in the New Jersey Register in June.

Mr. Brooks stated that in the Manasquan System there is no change from the initial proposal and no change from fiscal year 2023. 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.

Mr. Havens 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, 2023 (regulations found at N.J.A.C. 7:11-4.1 et seq.). Ms. Blew seconded the motion. All Authority members approved the resolution.

Mr. Brooks 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, 2023 (regulations found at N.J.A.C. 7:11-2.1 et seq.) Mr. Brooks stated that the Board authorized the rate proposal at the November 7, 2022 Board meeting. The rate proposals were published in local newspapers during December of 2022 and published in the New Jersey Register on January 3, 2023. The Governor's office has approved the rate adoption. It is anticipated that the adoptions will be published in the Jersey Register in June.

Mr. Brooks stated that in the Raritan System, there is no change in the rate from the initial proposal, which proposed a rate increase of 8.6 percent over fiscal year 2023 rates. There were three attendees at the pre-public meeting and three attendees at the public hearing. There were no written comments 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, 2023 (regulations found at N.J.A.C. 7:11-2.1 et seq.) Mr. Havens seconded the motion. All Authority members approved the resolution.

Mr. Brooks provided the background information on the resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2024 (July 1, 2023 - June 30, 2024). Mr. Brooks 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. Mr. Brooks stated that the total proposed budget is increasing by 0.9 percent. The increase is due mainly to an increase in overhead costs paid to the Raritan system and an increase in the cost of fringe benefits. Prior year overdrafts and favorable budget variances are being used to keep rates flat year over year. Mr. Brooks offered to answer any questions.

Mr. Iacullo moved the resolution approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2024 (July 1, 2023 - June 30, 2024). Mr. Havens seconded the motion. All Authority members approved the resolution.

Mr. Brooks provided the background information on the resolution approving the Authority's Raritan Basin System Budget for Fiscal Year 2024 (July 1, 2023 - June 30, 2024). Mr. Brooks 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. Mr. Brooks The overall budget is 10.5 percent higher than the fiscal year 2023 budget, caused primarily by increases in fringe benefits, insurance and fuel costs and a significant increase in the debt service rate for major projects in anticipation of debt service on the Spruce Run project. Mr. Brooks stated that prior year fund balances and overdrafts are being used to stabilize rates.

Mr. Havens moved the resolution approving the Authority's Raritan Basin System Budget for Fiscal Year 2024 (July 1, 2023 - June 30, 2024). Mr. Iacullo seconded the motion. All Authority members approved the resolution.

Ms. Shaw provided the background information on the resolution modifying the Authority's existing Physical Fixed Asset definition to cover a physical item having an original cost of five thousand (\$5,000) dollars or more and an expected useful life of three (3) years or more. Ms. Shaw stated that the current cost of \$1,000 or more was established in 1993. The expected useful life of three years or more will remain in effect. The Authority has consulted with the Authority auditors and the modification to the threshold is consistent with current practices. In addition, this increase is consistent with the capitalization level for fixed assets established by other NJ agencies/authorities. Ms. Shaw noted that the Authority's Finance Committee has approved this change.

Ms. Blew moved the resolution authorizing a modification of the Physical Fixed Asset definition to include physical items having an original cost of five thousand dollars or more and an expected useful life of three or more years, effective July 1, 2023. Mr. Havens seconded the motion. All other Authority members approved the resolution.

Mr. Brooks provided the background information on the resolution authorizing the Executive Director to negotiate and execute a contract with the Raritan Valley Country Club for renewal of uninterrupted service from the Raritan Basin System (RBS-23B). Mr. Brooks stated that the amount of water requested is slightly less than the amount in the expiring contract. All other terms and

conditions of the new contract are identical to those of the expiring contract.

Mr. Havens moved the resolution to approve the contract renewal application of the Raritan Valley Country Club, subject to the standard conditions and limitations. Mr. Iacullo seconded the motion. All Authority members approved the resolution.

Mr. Brooks provided the background information on the resolution ratifying the Executive Director's placement of the Authority's March 1, 2023 - March 1, 2024 Insurance Program. Mr. Brooks stated that approval to bind the program was received from the Chair of the Insurance Committee on February 28. The total premium for 2023 is \$2,231,621. Mr. Iacullo asked about the factors driving the increase in the Workers' Compensation component, to which Mr. Brooks stated that he would find the answer and provide it at a later date.

Mr. Havens moved the resolution to ratify the Executive Director's placement of the New Jersey Water Supply Authority's 2023 Insurance Program for a period of one year, commencing March 1, 2023, in the amount of \$2,231,621.00. Mr. Iacullo seconded this motion. All Authority members approved the resolution.

Mr. Shaffer provided the background information on the resolution authorizing the award of construction contract WSA-B23011 for Rehabilitation of the Six Mile Run Culvert at Station 2298+17 of the Delaware and Raritan Canal in Franklin Township, Somerset County, New Jersey. The Six Mile Run Culvert is located on the Delaware and Raritan Canal in Franklin Twp. The culvert consists of three stone masonry arches that carry Six Mile Run under Canal Road, the Canal, and the multi-use trail prior to its discharge into the Millstone River. The culvert is in poor condition and in need of repair. Multiple sinkholes have occurred in Canal Road over the culvert in recent years, the stone masonry on the downstream headwall has failed, and other areas of stone masonry require pointing or repair. A consulting engineer prepared plans and technical specifications for the rehabilitation.

Advertisements for bid were published in The Star-Ledger, the Trenton Times, and the Hunterdon County Democrat on February 7, 2023. The project was also advertised on the Authority's website and on the New Jersey Business Opportunities website. One addendum was issued on March 13, to address potential bidder questions. Five bids were received and opened at a public bid opening on March 23. Authority staff and the consulting engineer reviewed the low bid submitted by Sparwick Contracting, Inc., and found the bid to be legally and technically responsive.

Ms. Blew moved the resolution to authorize the Executive Director to execute a construction contract with Sparwick Contracting, Inc. of Lafayette, New Jersey, for rehabilitation of the Six Mile Run Culvert at Station 2298+17 of the Delaware and Raritan Canal in Franklin Township, Somerset County for a lump sum and unit price cost of \$1,095,449.00. Mr. Haven seconded this motion. All Authority members approved the resolution.

Ms. Ingelido noted that the resolution concerning the compensation of the Executive Director would be discussed in Executive Session.

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 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

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

Ms. Blew read and moved the resolution concerning the compensation of the Executive Director. Mr. Havens seconded the motion for the resolution. All Authority members approved the resolution.

ADJOURN

Ms. Blew moved to adjourn the meeting. Mr. Iacullo seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:51 P.M.

I hereby certify this to be a true and original copy of the May 1, 2023 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman

Michelle Rollman
Finance and Accounting Analyst



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New Jersey Water Supply Authority
May 1, 2023

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 and noted that comparable compensations from other state Authority Executive Directors should be reviewed prior to the next adjustment to ensure fair compensation.

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

I hereby certify this to be a true and original copy of the May 1, 2023 New Jersey Water Supply Authority Executive Session Meeting minutes.

Michelle Rollman

Michelle Rollman
Finance and Accounting Analyst