



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the New Jersey Water Supply Authority

November 7, 2022

A regular meeting of the New Jersey Water Supply Authority was convened on November 7, 2022 at 2:08 P.M. via Microsoft Teams video and teleconference service and in the Annex Building of the New Jersey Water Supply Authority's Clinton Administration Offices, located at 1855 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, Jeffrey Hoffman, State Geologist, 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: Jeffrey Hoffman, Acting Chair
Ellsworth Havens
Robert Iacullo
Steven Picco

Absent: Susan Blew

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Robert Barth, D&R Canal Watch
Oleg Kostin, New Jersey American Water
Frank Marascia, New Jersey American Water
Mary Murdock, Resident
Joe Katzenberger, Resident
Peggy Katzenberger, Resident

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 of Watershed Protection
Julie Shelley, Contracts and Risk Manager
Rita Shaw, Controller

Dorota Neulinger, Principal Accountant
Michelle Rollman, Finance and Accounting Analyst
Heather Desko, Senior Watershed Protection Specialist
Jared Berger, Geospatial Analyst
Kyle Clonan, Assistant Watershed Protection Specialist
Kathrine Hunt, Deputy Attorney General
Jeffrey Nielsen, Governor's Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Hoffman asked for a motion for approval of the minutes of the September 12, 2022 meeting. Mr. Havens moved the motion approving the minutes as prepared and the motion was seconded by Mr. Iacullo. The minutes of the September 12, 2022 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Brooks stated that everyone has a copy of his report. Mr. Brooks reminded all Board members of the requirement to complete ethics training before December 2. Mr. Brooks requested that all email receipts for the training be forwarded to him and thanked those Board members who have already completed the training.

Mr. Brooks noted that the Authority continues to follow all guidance from the Governor's office with respect to COVID-19. Mr. Brooks reviewed the work-from-home pilot program directed by the Governor's office.

Mr. Brooks stated that rainfall recorded at the Spruce Run gage for September was 5.54 inches, which was 1.16 inches above average. Rainfall recorded at the Spruce Run gage for October was 6.09 inches, which was 2.25 inches above average. Rainfall recorded at Manasquan for September was 1.98 inches which was 2.03 inches below average. Rainfall recorded at Manasquan for October was 8.57 inches which was 3.08 inches above average. Mr. Brooks stated that Spruce Run and Round Valley combined storage hit a record historical low at the beginning of October 2022 due to a combination of three factors: Round Valley Reservoir starting the season 25 feet down from maximum elevation as a result of the construction project, the harmful algae bloom in the Millstone River, and the dry period and heavy demands during the summer months. Mr. Brooks stated that the Authority is reasonably confident that both reservoirs will recoup at least most of the summer losses by the start of the next release season and that pumping to Round Valley will likely commence in late winter or spring.

Mr. Brooks stated that Authority staff has had continued discussions with the contractor performing the rehabilitation work at the Round Valley dams in an effort to reopen County Road 629 while the reservoir level remains low. The most recent schedule provided by the contractor targets November 15 to reopen the road.

Authority staff met with members of Hunterdon County staff and two County Commissioners on October 28 to discuss possible solutions to the security concerns at the reservoir when the rehabilitation work is complete, and the reservoir is at full capacity. It was agreed that both parties would pursue a path forward that would result in a solution to the security concerns that could be accomplished without permanently closing the road.

Mr. Brooks discussed the extension of the Authority's Builder's Risk policy covering the three dams at the Round Valley reservoir during the earthen dams rehabilitation project. Mr. Brooks noted that the North Dam and the Dike are now substantially complete, and that staff received quotes to remove those two dams from the Builder's Risk policy and add them back to the Authority's standard property policy. The Insurance Committee Chair has approved this transaction which will result in a net insurance premium savings of approximately \$165,000 to the Authority.

Mr. Brooks reported that Authority staff finalized the conveyance of Block 9, Lot 3.08 in Franklin Township, Somerset County to the County of Somerset on October 26. This 29-acre property is otherwise known as the Canal Dredging Dewatering Site, located on Canal Road.

COMMUNICATIONS/CORRESPONDENCE

Mr. Brooks stated that there are several items of correspondence, mostly articles related to County Road 629. Two letters from the Commissioner Director of the Hunterdon County Board of County Commissioners were also provided.

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 written report. Mr. McKeon stated that rainfall for October was above normal and that the reservoir is at 72 percent of capacity. Improvements to controls have allowed all excess flow in the river to be utilized. Mr. McKeon expects that with a few good rains, the reservoir will be back to full capacity by spring. Mr. McKeon noted that operations at the treatment plant have otherwise been smooth.

Mr. Shaffer reported on the Raritan Basin System. Mr. Shaffer stated that everyone has a copy of his written report. As of the date of the meeting, Spruce Run is at 41.9 percent of capacity. Round Valley is drawn down for the rehabilitation project and is at 56.2 percent of capacity which is four tenths above a record low set on October 1. The combined reservoir capacity is at 53.8 percent. The typical combined capacity for this date is 87.8 percent.

Mr. Shaffer reported that Canal operations are normal for this

time of year. Conditions in the Delaware River basin have improved the river levels, ensuring adequate diversion to the Canal.

Mr. Shaffer discussed the Round Valley Round Valley Reservoir Dams Rehabilitation and Resource Preservation Project. Mr. Shaffer stated that major work is ongoing at both the North and South Dams. The placement of the chimney drain and backfill is complete on the North Dam embankment and restoration of riprap on the upstream slope was recently completed. Regrading of the staging and stockpile areas at the North Dam is continuing, as is the placement of topsoil and seeding on all disturbed areas and reforestation of stockpile area number 5. Base coat asphalt pavement of the North Dam crest and the mill and pave repair of County Route 629 was completed on Friday November 4. The contractor has been actively working on the other project components that must be completed prior to reopening the road such as installation of security fencing and guiderail. The contractor appears on schedule to meet the November 15 reopening target. Additional work expected to be performed this fall at the North Dam will include construction of access roads and installation of permanent instrumentation.

Mr. Shaffer stated that at the South Dam, construction of the toe drain is complete. The dewatering well shutdown test conducted in September allowed the contractor to discontinue use of the dewatering wells. Placement of fill in the toe area and installation of the chimney filter drain on the embankment slope are expected to continue throughout the fall.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report. Mr. Klipstein stated that due to above average temperatures and low flows, it has been a challenging season for harmful algal blooms across the state. Mr. Klipstein noted that the management plan has been effective overall and that a great deal has been learned.

Mr. Klipstein discussed the management of hydrilla in the Canal. Mr. Klipstein noted that plant density surveys have shown virtually no tubers in the Canal for two years as a result of the aggressive treatment program that has been conducted over the last six years. Treatment will be discontinued for 2023 and monitoring will continue.

NEW BUSINESS

Ms. Buckley provided background information on the resolution authorizing publication of proposed changes in the Authority's Schedule of Rates, Charges and Debt Service Assessments for the sale of water from the Manasquan Reservoir System. Ms. Buckley stated that the Board packets include a discussion of the proposed rates for fiscal year 2024 and that the Basis and Background document is available on the Authority website. Ms. Buckley noted that there are no changes to any rate components for the Manasquan Reservoir System, and the total rate will remain flat at \$1,010.75

per million gallons for initial customers and \$1,124.67 per million gallons for delayed customers. Ms. Buckley highlighted specific line items outlined in the resolution memorandum for the Manasquan Reservoir System, including an increase in health care expenses based on state level plan negotiations; and increases in fuel and insurance costs. The prior year overdraft and positive budget variance will be used to balance the budget.

Ms. Buckley stated that the rates have been reviewed with the Department of Environmental Protection, the Governor's office, the Authority's Finance Committee and with customers. Ms. Buckley noted that there were six attendees at the customer meeting on October 27. Pending Board approval, the rate proposal is expected to be published in the January NJ Register for an effective date of July 1, 2023. The resolution authorizes publication of the amended administrative code to reflect the new fiscal year and the utilization of excess funds from prior years to offset the FY24 Manasquan Reservoir System O&M rate.

Mr. Havens moved the resolution authorizing publication of proposed changes in the Authority's Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System. Mr. Picco seconded the motion for the resolution. All Authority members approved the resolution.

Ms. Buckley provided background information on the resolution authorizing publication of proposed changes in the Authority's Schedule of Rates, Charges and Debt Service Assessments for the sale of water from the Raritan Basin System. Ms. Buckley stated that the Board packets include a discussion of the proposed rates for fiscal year 2024 and that the Basis and Background document is available on the Authority website. Ms. Buckley stated that there is an 8.6 percent rate increase proposed for the Raritan Basin System and that the total rate is proposed to increase from \$336.00 per million gallons to \$365.00 per million gallons. Ms. Buckley highlighted specific line items outlined in the resolution memorandum for the Raritan Basin System including O&M component increases in salary, fringe, insurance, and fuel costs. The NJ Infrastructure Bank debt component is increasing by 28 percent, reflecting the addition of the Spruce Run Embankment/Spillway projects to this rate component. The Source Water Protection component is decreasing by 17 percent. The Authority anticipates restoring this component to \$24 per million gallons in future rate filings.

Ms. Buckley stated that the rates have been reviewed with the Department of Environmental Protection, the Governor's office, the Authority's Finance Committee and with customers. Ms. Buckley noted that seven individuals attended the customer meeting on October 28. Pending Board approval, the rate proposal is expected to be published in the January NJ Register for an effective date of July 1, 2023. The resolution authorizes publication of the amended administrative code to reflect the new fiscal year and the

utilization of excess funds from prior years to offset the FY24 Raritan O&M rate. Ms. Buckley noted that the resolution also authorizes rules of use for Authority property to add paragliding, paramotoring, and operations of drones to the list of activities prohibited without a written permit.

Mr. Iacullo moved the resolution authorizing the publication of proposed changes in the Authority's Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System. Mr. Picco seconded the motion for the resolution. All Authority members approved the resolution.

Ms. Buckley provided background information on the resolution authorizing the re-adoption of the New Jersey Water Supply Authority Rules (N.J.A.C. 7:11). In accordance with the state's Administrative Procedures Act, the NJ Water Supply Authority rules expire every seven years and require periodic readoption. The current rules expire on February 12, 2023. The Authority has reviewed these rules and has determined them to be necessary, reasonable, and proper and is proposing readoption of these rules without change.

Mr. Iacullo moved the resolution authorizing the proposed re-adoption of Title 7, Chapter 11 of the New Jersey Administrative Code. Mr. Picco seconded the motion for the resolution. All Authority members approved the resolution.

Ms. Shelley provided background information on the resolution authorizing the placement of insurance coverage for the period of March 1, 2023 through February 28, 2024. Ms. Shelley stated that Authority By-Laws require the Board to approve insurance procurements having premiums valued in excess of \$100,000. Insurance coverage for the Authority's property and casualty lines will expire on February 28, 2023. Between now and then, Authority staff will work to negotiate favorable renewal terms with current underwriters.

Ms. Shelley noted that the Board-approved, fiscal year 2023 budget includes \$1,761,001 for insurance payments due in March 2023. The final insurance package will be subject to the Insurance Committee Chair's approval should the annual premium exceed the budgeted amount and Board ratification of the final placement will occur at its first meeting subsequent to the renewal date.

Mr. Havens moved the resolution authorizing the Executive Director to secure placement of insurance coverage within the approved fiscal year 2023 budget appropriation for the period of March 1, 2023 through February 28, 2024. Mr. Picco seconded the motion for the resolution. All Authority members approved the resolution.

Ms. Shelley provided background information on the resolution ratifying the Executive Director's extension of the existing

Builder's Risk Insurance policy for the Round Valley Reservoir Embankment Rehabilitation Project. Ms. Shelley stated that on July 7, 2022, the Authority adopted Resolution No. 2544 authorizing the Executive Director to bind an extension of the existing Builder's Risk Insurance policy for the Round Valley Reservoir Embankment Rehabilitation Project. This extension became necessary due to delays in construction and an extension of the contractor's scheduled final completion date. The policy was extended on August 19 for the period covering August 21, 2022 to November 17, 2023. Authority By-Laws require the Board to approve insurance procurements having premiums valued in excess of \$100,000.

Mr. Picco moved the resolution to ratify the Executive Director's placement of an extension to its existing Builder's Risk Policy for the Round Valley Embankment Rehabilitation Project for the period of August 21, 2022 through November 17, 2023 for a cost not to exceed \$780,000. Mr. Havens seconded the motion for the resolution. All Authority members approved the resolution.

Mr. Brooks provided background information on the resolution to adopt the New Jersey Water Supply Authority meeting schedule for 2023. Mr. Brooks stated that the dates were distributed with the Board package and that the resolution is in accordance with Open Public Meetings Act requirements. Mr. Brooks noted that meetings may be held by teleconference or in person and that dial-in or location information will be provided on the Authority website in advance of each meeting. Mr. Iacullo moved the resolution to adopt the New Jersey Water Supply Authority meeting schedule for 2023. Mr. Havens seconded the motion for the resolution. All Authority members approved the resolution.

Acting Chair Hoffman stated that the Authority annually elects a Vice Chair, Treasurer, Secretary and Assistant Secretary. Acting Chair Hoffman nominated Steven Picco for Vice Chair, Robert Iacullo for Treasurer, Susan Blew for Secretary and Ellsworth Havens for Assistant Secretary. Acting Chair Hoffman asked if there were any other nominations or discussion from the floor. There were none. Mr. Havens moved the resolutions to elect Steven Picco as Vice Chair, Robert Iacullo as Treasurer, Susan Blew as Secretary and Ellsworth Havens as Assistant Secretary. Mr. Iacullo seconded the motion. All Authority members approved the resolutions.

Acting Chair Hoffman stated that the proposed Committees and their memberships are as listed in the resolution as it was distributed. Acting Chair Hoffman asked if there were any other nominations or discussion from the floor. There were none. Mr. Picco moved the resolution concerning the appointment of Committee members for 2023. Mr. Havens seconded the motion. All Authority members approved the Resolution.

Mr. Shaffer provided background information on the resolution authorizing the award of a contract for professional engineering services required for the rehabilitation of the Prallsville Culvert

Pit and Miscellaneous Components on the Delaware and Raritan Canal, Stockton Borough, Hunterdon County, WSA-C22031. Mr. Shaffer stated that in September 2021, flooding associated with remnants of Hurricane Ida caused damage to the Prallsville Culvert Pit and the Prallsville Spillway sluice gates on the Delaware and Raritan Canal in Stockton Borough. A Request for Proposals (RFP) was publicly advertised in the Star-Ledger, the Trenton Times, the Hunterdon County Democrat, and on the New Jersey Business Opportunities and Authority's websites and mailed to firms on the Authority's mailing list. Five Statements of Qualifications and Technical Proposals were received.

The Technical Proposals were evaluated and ranked by a committee consisting of three Authority staff members and, with the approval of the Chair of the Capital Projects Committee, the top three ranked firms were invited to submit fee proposals. Mr. Shaffer discussed the fee proposal evaluation process. Mr. Shaffer stated that the top-ranked firm, T&M Associates, also provided the lowest cost fee proposal. Mr. Shaffer noted that the top ranked firm's proposal included costs for additional items that were identified in their technical proposal but which go beyond the scope of the RFP. These items total \$79,675 and would be in addition to their base bid of \$263,500, if the extra items are needed. Mr. Shaffer detailed those items. Mr. Shaffer noted that the Authority has initiated application for partial reimbursement for this project through FEMA because the damage was caused by the remnants of Hurricane Ida, for which a federal disaster declaration was established in Hunterdon County.

Mr. Picco moved the resolution to authorize the Executive Director to enter into a contract with T&M Associates of Middletown, New Jersey, for a lump sum and reimbursable cost not-to-exceed amount of \$343,175 for professional engineering services required for the rehabilitation of the Prallsville Culvert Pit and miscellaneous components on the Delaware and Raritan Canal in Stockton Borough, Hunterdon County. Mr. Iacullo seconded the motion for the resolution. All Authority members approved the resolution.

Mr. Shaffer provided background information on the resolution authorizing the award of a contract for professional engineering services required for Spruce Run Reservoir Resource Preservation Foundation Grouting Project, Clinton Township, Town of Clinton, and Union Township, Hunterdon County, New Jersey, WSA-C22024. Mr. Shaffer stated that based on recommendations from the Authority's Technical Review Board (TRB), Authority staff solicited Statements of Qualifications and Technical Proposals to retain a professional engineering consultant to develop a foundation grouting program for the Spruce Run Reservoir Dam. The selected consultant, who will act as the Engineer of Record, will perform design, secure permits, support the bidding process, provide construction management, conduct a formal dam inspection, and review the dam's instrumentation for one year after completion of the grouting

program.

Authority staff developed a Request for Proposals which was advertised in the Star-Ledger, Trenton Times and in the Hunterdon County Democrat. Notice of the RFP was also posted on the New Jersey Business Opportunities website and the Authority's website. and emailed directly to eighteen firms on the Authority's mailing list. Two technical proposals were received. Authority staff reviewed and ranked both technical proposals and unanimously ranked Schnabel Engineering as the top-rated firm. With approval from the Chair of the Capital Projects Committee, the Authority requested fee proposals from both firms.

Mr. Shaffer described the evaluation process. Schnabel's fee proposal was initially significantly higher than the number two ranked firm; however, after equalizing the scope of the fee proposals and negotiating an 11 percent reduction in the Schnabel fee proposal, their fee proposal was less than 13 percent higher than the number two firm's proposal. Scope equalization involves Authority staff making assumptions and adjustments, based on all available information, to address differences in scope. Schnabel's final fee proposal is also nearly identical to the estimate previously prepared by the Authority's consulting engineer. All aspects of the procurement were reviewed with the Capital Projects Committee.

Mr. Havens moved the resolution to authorize the Executive Director to enter into a contract with Schnabel Engineering of Jersey City, New Jersey, for professional engineering services required for the Spruce Run Reservoir Resource Preservation Foundation Grouting Program in Clinton Township, Town of Clinton, and Union Township, Hunterdon County, for a lump sum and reimbursable cost not-to-exceed amount of \$4,127,700.00. Mr. Iacullo 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 Committee - no report

PUBLIC COMMENT

Mary Murdock introduced herself as a long-time resident of the area and noted that the Spruce Run Reservoir is the lowest she has ever seen it in the time since 1968. Ms. Murdock asked how long the Authority anticipates it will take for the reservoir to recover to which Mr. Brooks answered that it is difficult to predict, but

that with typical rainfall between December and June, it should be back to, or close to, normal by the summer months.

In response to a question from Ms. Murdock regarding the safety of dog walking in dry areas of the reservoir, Mr. Klipstein stated that toxins from some algae can aerosolize, but that these toxin levels are not likely to be high. Mr. Klipstein noted that dogs should not be allowed to drink the water and that advisories are available on the Department of Environmental Protection website.

In response to a question from Ms. Murdock, Ms. Buckley clarified that drone flights above the reservoir will require a permit and that further information on obtaining a permit may be sought from the Authority Chief of Security.

Ms. Murdock thanked the Authority for permanently re-opening Route 629 and suggested that the Authority agenda provide more detailed information.

Joe Katzenberger introduced himself as a local resident. Mr. Katzenberger thanked the Authority for re-opening Route 629 and abandoning its efforts for permanent closure. Mr. Katzenberger provided comments on the Authority responses posted to the Round Valley project website to questions raised during the public comments of the September meeting. Mr. Katzenberger suggested that Authority meetings be scheduled at a more convenient time to members of the public. Mr. Katzenberger expressed skepticism regarding the site-specific characterization of the confidential pilot study. Mr. Katzenberger took umbrage to the fact that the lack of complaints to the temporary closure was used to justify a permanent closure while residents were patiently awaiting the project completion. Mr. Katzenberger stated his belief that the Authority has not been transparent through this process and would like to see issues of public concern on the Authority agenda.

Frank Marascia introduced himself as a representative of New Jersey American Water. In response to a question from Mr. Marascia, Mr. Hoffman stated that there is currently a DEP investigation into point sources that may have contributed to this past summer's harmful algal bloom in the Millstone River. Mr. Marascia inquired about diversion of water from the Canal to which Mr. McKeon stated that it was normal procedure.

EXECUTIVE SESSION

There was no need for an Executive Session.

ADJOURN

Mr. Havens moved to adjourn the meeting. Mr. Iacullo seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 3:00 P.M.

I hereby certify this to be a true and original copy of the November 7, 2022 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman

Michelle Rollman
Finance & Accounting Analyst