



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the New Jersey Water Supply Authority

November 6, 2023

A regular meeting of the New Jersey Water Supply Authority was convened on November 6, 2023 at 2:03 P.M. via Microsoft Teams video and teleconference service and in the Executive 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, 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
Susan Blew

Absent: Steven Picco

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Robert Barth, D&R Canal Watch
David Brogle, Middlesex Water
Frank Marascia, 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 of Watershed Protection
Julie Shelley, Contracts and Risk Manager

Rita Shaw, Controller
Dorota Neulinger, Principal Accountant
Michelle Rollman, Finance and Accounting Analyst
Jared Berger, Geospatial Analyst
Kathrine Hunt, Deputy Attorney General
Dorian Smith, Governor's Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Hoffman asked for a motion for approval of the minutes of the October 2, 2023 meeting. Mr. Iacullo moved the motion approving the minutes as prepared and the motion was seconded by Mr. Havens. The minutes of the October 2, 2023 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Brooks stated that everyone has a copy of his report. Mr. Brooks thanked the Commissioners for completing their required ethics training.

Mr. Brooks stated that in Clinton, October precipitation was 1.32 inches, more than 2.5 inches below average. Round Valley Reservoir remains at full construction pool. The Spruce Run Reservoir storage level did not fall below 94 percent all summer and is at 97.7 percent capacity as of this morning. As of Friday, the combined storage was 71.6 percent of capacity compared to a combined historic average storage of 87.8 percent for that date. Mr. Brooks stated that the Manasquan Reservoir storage level, as of Thursday, is at 82.9 percent capacity.

Mr. Brooks noted that the Authority, as a matter of policy and past practice, has typically accepted negotiated and union ratified labor contracts by Board vote. Mr. Brooks stated that a resolution will be presented under New Business seeking Board approval to accept the contract negotiated between the state of New Jersey and the Communication Workers of America, or CWA. Mr. Brooks noted that it is the understanding of the Authority that an agreement has also been reached with the International Federation of Professional and Technical Engineers, or IFPTE, which represents approximately 59 members of Authority staff. Ratification voting for IFPTE is slated for mid-November. The contract is very similar to that of CWA. The International Brotherhood of Electrical Workers, or IBEW, representing four mid-level management staff members at the Authority, are still in negotiations with the state. Resolutions seeking approval or ratification thereof will be brought to the Board at future meetings if and when those agreements are finalized.

As Mr. Hoffman unexpectedly is Chair for this last meeting prior to his retirement, Mr. Brooks asked the Commissioners to join him again in wishing Mr. Hoffman great happiness in his retirement.

COMMUNICATIONS/CORRESPONDENCE

Mr. Brooks stated that there was an article provided in the Board packet that correctly reported on the status of the Round Valley Construction Project and the Authority's planned pumping program to begin refilling Round Valley Reservoir.

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 operations were normal and that rainfall for October was slightly below normal. The reservoir is also at normal condition and capacity for this time of year. The Authority plans to drain the water storage chlorine contact tank at the end of November for a five-year inspection and cleaning if necessary. A portion of the SMMUA transmission line will also be drained so that new interconnection piping can be installed by a SMMUA/Wall Township contractor to deliver water to an existing area of Wall Township that is being converted into a higher pressure gradient.

Mr. Shaffer reported on the Raritan Basin System. Mr. Shaffer stated that everyone has a copy of his written report. Mr. Shaffer noted that the Raritan Basin continues to be in good condition for this time of year. Spruce Run is near full and releases are minimal. Round Valley is near the allowable construction pool and the Authority expects to begin refilling the reservoir next week if there is sufficient water available in the river. Pumping will continue through the winter and spring as weather and river conditions permit.

Mr. Shaffer stated that Canal operations are currently normal. The Delaware River is also at typical levels for this time of year. Mr. Shaffer noted that the contractor mobilized and began repairs to the Ukrainian Church culvert last Friday. Construction is proceeding as planned and is expected to take less than three weeks. Authority staff members are providing full-time oversight of that work.

Mr. Shaffer stated that another emergency condition detailed in the Board report was the sinkhole and leak that developed in the Canal embankment in Hopewell Township, Mercer County. Authority staff continue to monitor that site and recently constructed a sandbag, sand, and stone filter at the toe of the

embankment to effectively control the small amount of leakage that has been observed. On Friday November 4, the Authority received three proposals from selected engineering consultants. The consultant with the lowest fee proposal also proposed the shortest schedule to design a steel sheet pile cut-off. The Authority is working to finalize a contract with that firm. Draft plans are expected three weeks after the notice to proceed, with final plans to follow one week later. Authority staff will obtain all required permits as the design progresses. After receiving final design plans and required permits, the Authority expects to seek bids from at least three construction contractors.

Mr. Shaffer reported on the Round Valley Reservoir Dams-Rehabilitation and Resource Preservation Project. The extensive work to restore the embankments and associated staging and stockpile areas is continuing. This work includes regrading, topsoiling, seeding, paving, reforestation, and instrumentation work as well as some ancillary tower and vault work.

Mr. Shaffer discussed the South Branch Pump Station pump rehabilitation and equipment upgrades. The contractor has completely removed all four pump and motor assemblies that are slated to be rehabilitated. The pipes that were opened due to pump removal have been blind-flanged and braced in preparation for the upcoming pumping that is expected to begin next week. Additionally, the consulting engineer has recently completed a schematic design report for replacement of the traveling water screens. This construction will be bid as a separate contract and is expected to take place next summer.

Mr. Shaffer reviewed the rehabilitation of the 6-Mile Run culvert in Franklin Township which kicked off in August. Although dewatering remains a challenge due to rain and site conditions, the contractor has successfully dewatered two of the three culvert barrels intermittently and proceeded with repointing stone masonry and installation of falsework to support the culvert roof in anticipation of the repairs to the extrados (outside top surface of the historic stone arch) of the culvert. Additional repointing will likely be needed as detailed in a resolution to be presented under New Business.

Mr. Shaffer stated that improvements to one mile of the Canal embankment in Stockton kicked off in August and detailed the specific work performed by the contractor to date. This project is expected to be complete before the end of the year.

Mr. Shaffer noted that the design engineer is currently revising the plans and specifications to address comments from the Authority and the Technical Review Board regarding grouting at Spruce Run. The Authority expects to receive those revised

documents by the end of this week and to have a bid package prepared by the end of the year.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report. Mr. Klipstein discussed the compilation of end-of-season water quality data summaries. Overall it has been a good year, with no unusual harmful algal blooms requiring treatment. End-of season plant and tuber surveys have also been completed. Mr. Klipstein noted that no treatments for invasive species were required at Spruce Run or the Canal this season and that the treatment at Manasquan was effective.

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 2025 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 salaries and health care expenses based on state level plan negotiations; and increases in insurance costs. The prior year overdraft revenues 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 three attendees at the customer meeting on October 26. Pending Board approval, the rate proposal is expected to be published in the January NJ Register for an effective date of July 1, 2024. 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 FY25 Manasquan Reservoir System O&M rate.

Ms. Blew 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. Havens 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 2025 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 Raritan Basin System, and the total rate will remain flat at \$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, and insurance costs.

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 four individuals attended 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, 2024. 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 FY25 Raritan O&M rate.

Ms. Blew 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. Havens seconded the motion for the resolution. All Authority members approved the resolution.

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, 2023. Mr. Iacullo stated that an Audit Committee meeting was held on October 31, 2023. In the audited financial statements for fiscal year 2023, there are no reportable matters regarding the internal control structure, and the independent auditor is issuing an unqualified or clean opinion. Mr. Iacullo commended Susan Buckley and the Authority finance staff. Mr. Iacullo noted that a copy of the audit and report were provided in the Board package.

Mr. Iacullo moved the resolution to accept the Audit Report prepared by Mercadien, P.C. for the Fiscal Year ended June 30, 2023, and to post the final report on the Authority's website and distribute it to all interested parties. Mr. Havens seconded this motion. All Authority members approved of this resolution.

Ms. Shelley provided background information on the resolution authorizing the placement of insurance coverage for the period of March 1, 2024 through February 28, 2025. 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 29, 2024. The Authority's Insurance Program is scheduled to be completely remarketed for the March 1, 2025 placement. In the intervening years such as this one, the Authority's practice is to negotiate favorable renewal terms aligned with existing market conditions with current underwriters. Recent activity in the markets indicates that the Authority should anticipate premium increases across all lines, although the projections indicate that the increases are anticipated to be less than in 2023. The greatest increases are anticipated in the cyber risk and excess liability lines of coverage.

Ms. Shelley noted that the Board approved FY2024 budget includes \$2,010,125 for insurance payments due in March 2024. The final insurance package will be subject to the Insurance Committee Chair's approval should the annual premium exceed the budgeted amount. Board ratification of the final placement will occur at its first meeting subsequent to the renewal date.

Ms. Blew moved the resolution authorizing the Executive Director to secure placement of insurance coverage within the approved fiscal year 2024 budget appropriation for the period of March 1, 2024 through February 28, 2025. Mr. Iacullo seconded the motion for the resolution. All Authority members approved the resolution.

Ms. Shelley noted that the Authority's Builder's Risk policy for the Round Valley dams is set to expire on November 17, 2023 since construction at the South Dam is complete. At that point, the South Dam will be put back on the Authority's AEGIS property policy. This final extension of Builder's Risk coverage cost about \$770,000. The Authority's underwriter at AEGIS is aware of the upcoming Spruce Run Dam project and has preliminarily said they do not believe it will require a separate Builder's Risk policy. Ms. Shelley will confirm to the Board once the final decision is made.

Ms. Shelley provided background information on the resolution authorizing the Executive Director to negotiate and execute Amendment No. 2 to contract RBS-1B with New Jersey American Water Company to extend uninterruptible service contract term to May 31, 2026. Ms. Shelley stated that New Jersey American Water Company has a contract with the New Jersey Water Supply Authority for uninterruptible supply of 126.6 million gallons per day for public water supply which will expire on November 30, 2023. The existing contract is consistent with the Applicant's NJDEP Bureau of Water Allocation Permit which will expire on January 31, 2024.

Ms. Shelley stated that in September 2023, the Applicant

requested an extension of Contract RBS-1B to May 31, 2026 to account for the potential for an extended renewal period for the Applicant's water allocation permit with the NJDEP. The water is currently and will continue to be withdrawn from intakes on the Millstone River, the Raritan River, and the Delaware & Raritan Canal, located in Bridgewater Township and Franklin Township, Somerset County, New Jersey. A public hearing was held on September 26, 2023. There were no attendees at the public hearing and no comments or objections filed during the public comment period.

Mr. Iacullo moved the resolution to approve the application of New Jersey American Water Company, subject to the standard limitations, terms, and conditions. Mr. Havens seconded the motion for the resolution. All Authority members approved the resolution.

Ms. Shelley provided background information on the resolution authorizing the Executive Director to negotiate and execute contract RBS-2B with Middlesex Water Company for renewal of uninterruptible service from the Raritan Basin System. Ms. Shelley stated that Middlesex Water Company has a contract with the New Jersey Water Supply Authority for uninterruptible supply of 27 million gallons per day for public water supply which will expire on November 30, 2023. The Applicant has requested renewal of the contract for a period of twenty-five (25) years expiring November 30, 2048. The water is currently and will continue to be withdrawn from the Delaware and Raritan Canal through existing structures and treatment facilities owned, operated, and maintained by the Applicant.

Ms. Shelley stated that a public hearing was held on September 25, 2023. There were no attendees at the public hearing and no comments or objections filed during the public comment period.

Ms. Blew moved the resolution to approve the application of Middlesex Water Company, subject to the standard limitations, terms, and conditions. Mr. Iacullo seconded the motion for the resolution. All Authority members approved the resolution.

Mr. Shaffer provided background information on the resolution ratifying the actions of the Executive Director in executing two contracts for the design and construction of a repair associated with a sinkhole above the Ukrainian Church Culvert at Sta. 2785 + 87 on the Delaware and Raritan Canal in Franklin Township, Somerset County. Mr. Shaffer stated that a sinkhole was first observed in the Canal embankment in Franklin Township, Somerset County, on July 11. The Executive Director certified that the sinkhole represented an emergency condition and with approval of

the Capital Projects Committee, proceeded with a modified procurement process for design and construction services. Based on availability and past performance, the Executive Director executed a contract with GZA GeoEnvironmental to design a repair.

That contract totaled \$41,610, including up to \$15,000 for support, as needed, during construction. Authority staff obtained necessary permits as the design progressed and the plans and permits were finalized in mid-September. Four contractors that have experience working on the Canal were invited to bid on the work. Three contractors attended the mandatory pre-bid meeting and two contractors submitted bids by the September 29 deadline. The lowest bidder, Sparwick Contracting of Lafayette, NJ, was deemed responsible and responsive. The Executive Director executed a contract with Sparwick for \$84,700.00. That construction work is presently underway.

Mr. Havens moved the resolution to ratify the actions of the Executive Director in executing contracts with GZA GeoEnvironmental, Inc. of Fairfield, New Jersey, in the amount of \$41,610.00 for emergency design services and Sparwick Contracting, Inc. of Lafayette, New Jersey in the amount of \$84,700.00 for emergency construction services to repair the Ukrainian Church Culvert and sinkhole located at Station 2785 +87 on the Delaware & Raritan Canal in Franklin Township, Somerset County. Ms. Blew seconded the motion for the resolution. All Authority members approved the resolution.

Mr. Shaffer provided background information on the resolution authorizing Change Order No. 002 to the construction contract WSA-C23011 for the Rehabilitation of the Six Mile Run Culvert at Station 2298+17 of the Delaware and Raritan Canal, Franklin Township, Somerset County, New Jersey. Mr. Shaffer stated that this project involves the restoration of the historic stone masonry culverts that pass under Canal Road and the Canal. A major work component is repointing the stone culverts. The contractor initiated work and dewatered the center and right barrels sufficient for inspection. After the barrels were dewatered, Authority staff and the design engineer inspected the interior of the culvert and determined that the contract bid quantity for stone repointing was not sufficient. The contractor and the Authority agreed that up to 2,640 additional square feet of repointing may be needed in addition to the contract quantity of 5,280 square feet. The Authority requested and received a proposal from the contractor to perform the additional pointing at the competitively bid contract unit price of \$20 per square foot.

Mr. Havens moved the resolution to authorize the Executive Director to execute Change Order No. 002 with Sparwick Contracting, Inc. of Lafayette, New Jersey, for construction

services necessary for the rehabilitation of the Six Mile Run Culvert, by the unit price cost not-to-exceed amount of \$52,800.00, increasing the total value of the contract to \$1,209,594.81. Ms. Blew seconded the motion for the resolution. All Authority members approved the resolution.

Mr. McKeon provided background information on the resolution authorizing the award of a contract for the reactivation of 40,000 pounds of Granular Activated Carbon at the Manasquan Water Treatment Plant, 2061 Hospital Road, Wall Township, Monmouth County, NJ. Mr. McKeon stated that by agreement with the Southeast Monmouth Municipal Utilities Authority, the Authority provides for the regular replacement of granular activated carbon.

Mr. McKeon described the use and need for the material. Mr. McKeon described the bid process in which the low bid for the replacement of the material was approximately 150 percent of the prior cost. Mr. McKeon speculated that the cost increase is due to new requirements that the material be sourced in the United States. Mr. McKeon stated that the Authority then decided to proceed with reactivating the existing carbon rather than replacing it. Mr. McKeon described the new bid process and stated that the results were more congruous with the anticipated cost.

Mr. Iacullo moved the resolution to authorize the Executive Director to enter into a contract with Carbon Activated Corporation of Blasdell, New York to furnish all labor, equipment, and materials necessary for Granular Activated Carbon reactivation at the Manasquan Water Treatment Plant - Wall Township, Monmouth County, New Jersey for a lump sum of \$49,760.00. 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 2024. 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. Ms. Blew moved the resolution to adopt the New Jersey Water Supply Authority meeting schedule for 2024. 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. Iacullo 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. Havens 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. Havens moved the resolution concerning the appointment of Committee members for 2024. Ms. Blew seconded the motion. All Authority members approved the Resolution.

Mr. Brooks provided background information on the resolution accepting the Collective Bargaining Agreement between the State of New Jersey and the Communications Workers of America ("CWA") for the period July 1, 2023, through June 30, 2027. Mr. Brooks stated that the Authority, as a matter of policy and past practice, has typically accepted negotiated and union ratified labor contracts by Board vote. The CWA contract, covering approximately 46 Authority employees, for the period of July 1, 2023, through June 30, 2027, is the first of the three union contracts to be negotiated and ratified. Mr. Brooks noted that the significant economic features are included in the memorandum, but highlighted that across-the-board wage cost of living increases for FY24 through FY27 are 3.5 percent annually.

Mr. Havens moved the resolution to accept the agreement between the State of New Jersey and the CWA, and to amend the Authority's compensation schedule in accordance with the terms of the approved Union Agreement and New Jersey Water Supply Authority policy. Ms. Blew seconded the motion for the resolution. All Authority members approved the resolution.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Audit - Mr. Brooks stated that the Audit Committee met on October 31, 2023.
- (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.

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 2:47 P.M.

I hereby certify this to be a true and original copy of the November 6, 2023 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman

Michelle Rollman
Finance & Accounting Analyst