



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the New Jersey Water Supply Authority

November 2, 2020

A regular meeting of the New Jersey Water Supply Authority was convened on November 2, 2020 at 2:04 P.M. via teleconference.

As designated by Catherine R. McCabe, Commissioner New Jersey Department of Environmental Protection and Chair New Jersey Water Supply Authority, Patricia Ingelido, Assistant 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:

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

Authority Staff Present:

Marc Brooks, Executive Director
Susan Buckley, Director, Finance & Administration
Rita Shaw, Controller
Darin Shaffer, Chief Engineer
Paul McKeon, Director Manasquan Water Supply System/D&R Canal
Kenneth Klipstein, Director of Watershed Protection
Chris Sotiro, Contracts and Risk Manager
Kathy Hale, Principal Watershed Protection Specialist
Michelle Rollman, Finance and Accounting Analyst
Kathrine Hunt, Deputy Attorney General
Lauren LaRusso, Governor's Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Ingelido asked for a motion for approval of the minutes of the October 5, 2020 meeting. Ms. Blew moved the motion approving the minutes as prepared and the motion was seconded by Mr. Iacullo. The minutes of the October 5, 2020 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Brooks stated that everyone has a copy of his report. Mr. Brooks stated that to date, only one Authority employee has tested positive for COVID-19. That employee remained asymptomatic and has now returned to work. In accordance with New Jersey Executive Order 192 COVID-19 Safety Protocols, the Authority will be adding wall mounted thermometers at all facilities. The Authority has all other measures of the Executive Order already in place. Mr. Brooks noted that all Authority construction projects continue.

Mr. Brooks thanked those Commissioners who have completed the annual ethics training and reminded all Commissioners to email the training receipts.

COMMUNICATIONS/CORRESPONDENCE

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

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 have been standard at the Manasquan facilities and that it has been a typical fall season. Rainfall has been sporadic, but the quantity of rain has been normal. The reservoir capacity is slightly below normal.

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 was at elevation 268.5 feet or 83.8 percent of capacity. Round Valley was at elevation 360.5 feet or 66.4 percent of capacity. Round Valley is drawn down for the rehabilitation project and will remain at or below elevation 360.8 feet for the project duration. The combined reservoir capacity was 69.3 percent. The typical combined capacity for this date is 87.8 percent.

Mr. Shaffer reported that Canal operations are normal and that leaf cleanup is the major task this time of year. Maintenance activities continue to be prioritized and coordinated each day, and using staggered start times, staff is operating at normal capacity while maintaining social distancing.

Mr. Shaffer discussed the Canal Dredging Project. Dredging in Reach 6, the final Reach, began in early September and is progressing. Two dredges are operating in this stretch from Blackwells Mills Road to Amwell Road. Because the contractor delayed the restart of operations by about two months this spring due to COVID-19 concerns, the dredging has not progressed as far as originally anticipated for this time of year. Earlier this month, projections indicated that Reach 6 dredging would be completed in early to mid December, so the contractor extended the dredge operating hours in an effort to expedite the work. The Authority anticipates that it may be completed in November.

Mr. Shaffer stated that the Round Valley Grouting project is complete. The grouting project has an outstanding change order which is being presented to the Board today. Mr. Shaffer reviewed the status of other elements of the Round Valley Round Valley Reservoir Dams Rehabilitation and Resource Preservation Project with a focus on activities at the Dike.

Mr. Shaffer reported on the dredging of the intake pond at the South Branch Pump Station. Mr. Shaffer stated that the project is substantially complete. Minor site restoration remains to be completed. The pond refilled during last week's rain.

Mr. Shaffer stated that a contractor began work last week to repair and armor the embankment at Island Farm Weir. This work is expected to take less than two months to complete.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that everyone has a copy of his report. Mr. Klipstein stated that at the suggestion of Mr. Havens, he asked Kathy Hale to attend the meeting to review the Watershed Management Program agricultural projects and activities.

Ms. Hale provided an overview of agricultural cost-share programs. The Authority has partnered with the United States Department of Agriculture-Natural Resources Conservation Service ("USDA-NRCS") on many projects to leverage federal and other funding to increase the implementation of conservation practices that benefit source water quality. Ms. Hale stated that farmers can receive cost-share for the implementation of agricultural best management practices from USDA-NRCS through programs such as the Environmental Quality Incentives Program ("EQIP"), but that this funding is often not enough to cover the full cost of the project. The Authority provides additional funding to farmers to complete these practices.

Ms. Hale reviewed current Authority agricultural projects and partnerships. Ms. Hale discussed a conservation technical assistance agreement with the USDA-NRCS, through which the Authority and USDA-NRCS each provide fifty percent of the salary contribution for an Agricultural Watershed Protection Specialist; a

Regional Conservation Partnership Program ("RCPP") project to provide funding to farmers to incentivize implementation of practices that benefit water quality; a partnership with NJ Conservation Foundation on another RCPP project focused on the Black River area in the North Branch Raritan; and a project funded by the New Jersey Department of Environmental protection to provide additional cost-share to match USDA-NRCS EQIP funding. Ms. Hale stated that the Authority is working with 18 agricultural producers on projects that are currently contracted and being implemented. Ms. Hale noted that an informational meeting for producers in the Black River project area is scheduled for this evening. Ms. Hale also discussed project change orders and the measures that have been put in place to reduce them in future.

Ms. Hale stated that to date, the Authority has committed approximately \$161,000 in cost-share funding to these projects, the New Jersey Department of Environmental Protection has contributed \$132,000, and that these two sources of funding matched USDA-NRCS funding of approximately \$691,000 over the last six years. Ms. Hale also discussed the provision of staff resources provided by the Authority and project partners.

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 2022 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 due to negotiated union contracts in effect until 2023; an increase in health care expenses based on projected national trend lines; the projection of three additional retirees; and an increase in other expenses due largely to sediment removal which is not required every year.

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 two representatives of NJ American Water attended the customer meeting on October 29 and that they were supportive of the rate proposal. Pending Board approval, the rate proposal is expected to go to the Office of Administrative Law by December 4 for publication in the January NJ Register, with advertisement in late December and Board adoption in May, for an effective date of July 1, 2021.

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. Iacullo 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 2022 and that the Basis and Background document is available on the Authority website. Ms. Buckley stated that no rate increases are proposed for the Raritan Basin System and that the total rate will remain flat at \$336.00 per million gallons. Ms. Buckley highlighted specific line items outlined in the resolution memorandum for the Raritan Basin System including increases in salaries due to negotiated union contracts in effect until 2023 and an increase in health care expenses based on projected national trend lines.

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, representing NJ American Water, New Brunswick, Middlesex Water and Somerset County Parks, attended the customer meeting on October 30 and that they were supportive of the rate proposal. Pending Board approval, the rate proposal is expected to go to the Office of Administrative Law by December 4 for publication in the January NJ Register, with advertisement in late December and Board adoption in May, for an effective date of July 1, 2021.

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. Sotiro provided background information on the resolution authorizing the placement of insurance coverage for the period of March 1, 2021 through February 28, 2022. Mr. Sotiro stated that fiscal year 2021 approved budgets for the Authority included line items for insurance renewal in the amount of \$1,603,000. The Authority competitively remarkets insurance every three years. Mr. Sotiro stated that in the interim years, the Authority's practice is to obtain favorable renewal terms, aligned with current marketing conditions, with the current underwriters. Mr. Sotiro stated that overall insurance market conditions are expected to be challenging for the March 1, 2021 placement particularly for property coverage due to hurricane and flood risk loss damages worldwide, and also in excess liability coverage where casualty

markets continue to experience frequent and severe liability claims. The resolution authorizes the Executive Director to secure insurance placement effective March 1, 2021, if the cost for such coverage is within the fiscal year 2021 budget appropriation. If the annual premium exceeds this amount, Insurance Committee Chair approval will be required. The final program will be reported to the Board for ratification at the first meeting subsequent to the March 1, 2021 renewal date.

Ms. Blew moved the Resolution authorizing the Executive Director to obtain quotations and secure placement of insurance coverage within the approved fiscal year 2021 budget appropriation for the period of March 1, 2021 through February 28, 2022. Mr. Iacullo seconded the motion for the Resolution. All Authority members approved the Resolution.

Mr. Shaffer provided background information on the resolution authorizing Change Order No. 4 - Construction Contract for Round Valley Reservoir Structures Refurbishment & Resource Preservation Project - North and South Dam Abutment Grouting - Clinton Township, Hunterdon County, New Jersey WSA-C19007. Mr. Shaffer stated Keller North America, formerly Moretrench American Corporation, completed grouting the abutments of the Round Valley North and South Dams in June, 2020. During construction, Keller notified the Authority of differing site conditions related to two separate conditions which formed the basis for their Request for Equitable Adjustment. Mr. Shaffer described the first condition related to grouting the annular space between the borehole and the casing within the overburden or soil material at the South Dam. Mr. Shaffer noted that the pay item for this work was not based on unit prices so the high volume grouting which was necessary in some holes resulted in significant unanticipated material costs and time requirements. Mr. Shaffer described the second condition related to additional holes beyond the original design holes that had to be drilled and grouted to effectively seal the abutment bedrock and achieve the design "closure" criteria at both dams.

Mr. Shaffer stated that Keller initially requested approximately \$62,000 for overburden grouting at the South Dam and \$1.25 million for drilling and grouting the extra holes required at both dams, for a total of approximately \$1.31 million. Keller and Authority staff negotiated the impacts of the differing site condition over several months. The Capital Projects Committee was briefed throughout the negotiation process. The Authority and Keller agreed to an amount of \$59,671.37 for the excessive overburden grouting and an amount of \$500,000 for the inefficiencies related to the extra holes. Staff recommends total compensation of \$559,671.37 to resolve all of Keller's requests for equitable adjustment.

Mr. Shaffer noted that the contract with Keller has a positive balance of \$832,811.65. Subtracting the \$559,671.37 from the

positive contract balance leaves a contract credit of \$273,140.28. Authority staff recommends that the contract with Keller - North America of Rockaway, New Jersey, be decreased by \$273,140.28 to zero out the contract.

Mr. Havens moved the Resolution authorizing the Executive Director to execute Change Order No. 4 with Keller - North America of Rockaway, New Jersey, for construction services necessary for the Round Valley Reservoir Structures Rehabilitation and Resource Preservation Project. Ms. Blew seconded the motion for the Resolution. All Authority members approved the Resolution.

Mr. McKeon provided background information on the resolution authorizing the Executive Director to enter into a purchase order agreement WSA B21005M for Maintenance and Repairs of Two(2) FMC Model 45A Traveling Water Screens at the Manasquan River Intake at the Manasquan Water Supply System, Allenwood, Monmouth County, New Jersey. Mr. McKeon stated that during routine maintenance, it was discovered that two of the eight traveling water screens, which capture and remove debris at the Manasquan River intake facility, required repair. Three competitive bids were received in response to Authority advertisement. Mr. McKeon noted that the low bid from Envirolutions LLC was found to be in compliance with the requirements of the technical specifications and included all new parts. Mr. McKeon stated that the bid was just under the engineer's estimate.

Ms. Blew moved the Resolution authorizing the Executive Director to enter into a purchase order agreement with Envirolutions LLC, of Bridgewater, New Jersey for the refurbishment of two traveling water screen units for the Manasquan Water System for a lump sum cost of \$46,251.00. Mr. Havens 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

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 2:38 P.M.

I hereby certify this to be a true and original copy of the November 2, 2020 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman

Michelle Rollman
Finance & Accounting Analyst