



NEW JERSEY WATER SUPPLY AUTHORITY

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Minutes of the Meeting of the New Jersey Water Supply Authority

November 6, 2017

A regular meeting of the New Jersey Water Supply Authority was convened on November 6, 2017 at 2:00 P.M. 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 Bob Martin, Commissioner New Jersey Department of Environmental Protection and Chair New Jersey Water Supply Authority, Diane Zalaskus P.E., Assistant Director of Water System Operations, served as Acting Chair of the meeting and called the meeting to order.

Deputy Attorney General Jung Kim read the statement required by the "Open Public Meetings Act". Executive Director Beth Gates took the roll call of the Authority members.

Present: Diane Zalaskus, Acting Chair
Susan Blew
Ellsworth Havens
Shing-Fu Hsueh - by phone
Louis Mai - by phone
Steven Picco - by phone

Absent: Robert Iacullo

A quorum existed for the transaction of Authority business.

Interested Parties Present:

Oleg Kostin, New Jersey American Water

Authority Staff Present:

Beth Gates, Executive Director
Michelle Rollman, Executive Secretary II
Susan Buckley, Director of Finance & Administration
Marc Brooks, Chief Engineer
Paul McKeon, Director Manasquan Water Supply System/D&R Canal
Kenneth Klipstein, Director of Watershed Protection
Alexander Michalchuk, Senior Project Engineer
Jung Kim, Senior Deputy Attorney General
Nicholas Kant, Governor's Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Zalaskus asked for a motion for approval of the Minutes of the October 2, 2017 meeting. Ms. Blew moved the motion approving the Minutes as prepared and the motion was seconded by Dr. Hsueh. The Minutes of the October 2, 2017 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Ms. Gates stated that everyone has a copy of her report.

Ms. Gates reminded all Commissioners that Ethics Training must be completed by November 10, 2017 and asked that they forward their receipts to her to allow her to complete her report to the Governor's office by November 15, 2017.

Ms. Gates discussed the timing for the receipt of bids for the D&R Canal Dredging Project. Ms. Gates stated that, with authorization from the New Jersey Environmental Infrastructure Financing Program, the contract has been advertised and posted appropriately. A mandatory pre-bid meeting is scheduled for Wednesday, November 8, and the bids are due on November 28, 2017. The subsequent Board meeting is scheduled for December 4, 2017. Because the packet for that meeting will be mailed prior to the date that bids are due, the packet will include a staff report and resolution without the final bid information. Because it is a construction contract, the contract will be awarded to the low bidder. The final bid numbers and award will be discussed with the Board telephonically prior to the December 4, 2017 meeting. The memorandum and resolution will be updated accordingly and provided at the meeting. The tight timing for this resolution is because of permit restrictions to perform tree trimming, required authorizations from the New Jersey Department of Environmental Protection, and the allowance of time for the veto period from the Governor's office.

COMMUNICATIONS/CORRESPONDENCE

Ms. Gates 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 the Manasquan System is doing well. Mr. McKeon stated that the Manasquan Reservoir storage is at approximately 82 percent of capacity which is near the historic high level for this time of year.

Mr. McKeon discussed the ongoing projects at the Manasquan facilities. Mr. McKeon noted that the project to replace the

underdrain system for filter #2 is going well. It is anticipated that work for filter #2 will be completed by the end of next week, and that work will then begin on the underdrain system for filter #3.

Mr. McKeon stated that inspections of the two-million gallon water storage tank were completed and it was determined that the condition of the tank is normal and satisfactory.

Mr. Brooks reported on the Raritan Basin System. Mr. Brooks stated that Spruce Run Reservoir has come up from its lowest elevation of 248.66 feet to its peak of 272.14 feet on August 24, 2017. Mr. Brooks stated that the Authority has been releasing water from the Spruce Run Reservoir since that time, and that the current elevation is now 259.75 feet which is thirteen feet below capacity at 6.26 billion gallons or 56.9 percent of capacity. Round Valley Reservoir is down 16 feet from full pool at 42.6 billion gallons which is 77.5 percent of capacity. Mr. Brooks stated that the combined storage in Spruce Run and Round Valley Reservoirs is presently at 74 percent of capacity. Mr. Brooks stated that the average combined storage for this time of year is 89.2 percent of capacity.

Mr. Brooks discussed the bid process for the Delaware and Raritan Canal dredging project. Mr. Brooks stated that bids are due on November 28, 2017 and that as of the current date, eight firms are pre-qualified and eligible to submit bids.

Mr. Brooks reported on the Round Valley Dam Rehabilitation Project. Mr. Brooks stated that the consultant is continuing to work on the schematic design. The Authority anticipates that the grouting of the abutments and the dredging of the intake channel of the South Dam Tower will begin in the Spring of 2018.

Mr. Klipstein reported on the Watershed Management Program. Mr. Klipstein stated that the last meeting of the Hydrilla Task Force for the year was held on Wednesday, November 1, 2017. Mr. Klipstein provided an analysis of the Hydrilla treatment area which compared the occurrence of native and invasive aquatic plant species before and after treatment. Mr. Klipstein noted that the occurrence of Hydrilla decreased from being present in 56.4 percent to 5.2 percent of the 597 plant sampling stations. Mr. Klipstein noted that while native plants were also somewhat affected, it was not to the degree that the targeted invasive species were affected and that fish habitats were maintained. Mr. Klipstein stated that there has been an increase in the population of Benthic Filamentous Algae which is a concern for treatment plants in Middlesex and New Brunswick. The Authority and the Hydrilla Task Force are evaluating the algae increase which may be due to weather conditions, but which also may be affected by the population changes in other aquatic species.

In response to a question by Mr. Havens regarding the potential resurgence of Hydrilla, Mr. Klipstein stated that work to suppress Hydrilla will continue in the Spring and throughout the 2018 growing season.

NEW BUSINESS

Mr. McKeon provided background information on the Resolution authorizing the Executive Director to enter into a contract for Distribution System Pumping Improvements at the Manasquan Water Treatment Plant, Wall Township, Monmouth County. Mr. McKeon stated that there are three distributive pumps that deliver water to the customers in the Manasquan System. Mr. McKeon noted that a Variable Frequency Drive ("VFD") was added, and valves and piping were replaced on one distributive pump during the prior year. Mr. McKeon stated that this resulted in significant electrical savings and allowed for better control of water flow. The current resolution is for a similar VFD and replacement valves and piping for the second high-service pump. Four bids were received and Municipal Maintenance Co., Inc. was the low bidder in the amount of \$79,660.00. Staff recommends that the Authority enter into a contract with Municipal Maintenance Co., Inc. of Cinnaminson, New Jersey for Distribution System Pumping Improvements at the Manasquan Water Treatment Plant for a lump sum cost of \$79,660.00.

Mr. Havens moved the Resolution authorizing the Executive Director to enter into a contract for Distribution System Pumping Improvements at the Manasquan Water Treatment Plant, Wall Township, Monmouth County. Ms. Blew seconded the motion for the Resolution. All Authority members approved the Resolution.

Mr. Brooks provided background information on the Resolution authorizing the Executive Director to execute Amendment No. 8 to Contract WSA-C09012 for Professional Engineering Services required for the Dredging of the Delaware and Raritan Canal from Kingston (Station 1862+00) to Amwell Road (Station 2418+00) in Franklin Township, Somerset County. Mr. Brooks stated that with the approval of the Board, the Authority entered into a contract with Urban Dredging Consultants Joint Venture on May 12, 2010 to provide engineering services for dredging the ten-and-a-half-mile stretch of the Canal. The original contract for engineering was \$1,299,400.00 and subsequent amendments to the contract have increased the total to \$2,261,712.00. Mr. Brooks discussed the need for additional oversight to be provided by the contractor for the Construction Management Task. Mr. Brooks highlighted the change in dredging methodology from mechanical excavation (in dry) to hydraulic dredging (in wet) which has increased the project complexity, requiring new expertise from the inspectors. Mr. Brooks noted that the Round Valley Rehabilitation Project has placed strains on available staff time. Mr. Brooks stated that it is the intent of the Authority for the contractor to provide full time project inspection supervision during the course of the first year and to supplement or replace this support with Authority staff

as the project continues. Mr. Brooks noted that construction expense is an eligible expense under the New Jersey Environmental Infrastructure Financing Program. Authority staff has reviewed the fee proposal and recommends that Amendment No. 8 be issued to the contract of Urban Dredging Consultants, Joint Venture by a reimbursable cost not-to-exceed amount of \$1,236,000.00 to bring the total to the reimbursable cost not-to-exceed amount of \$3,497,712.00.

Mr. Havens moved the Resolution authorizing the Executive Director to execute Amendment No. 8 to Contract WSA-C09012 for Professional Engineering Services required for the Dredging of the Delaware and Raritan Canal from Kingston (Station 1862+00) to Amwell Road (Station 2418+00) in Franklin Township, Somerset County. Ms. Blew seconded the motion for the Resolution. All Authority members approved the Resolution.

Ms. Gates provided background information on the Resolution authorizing the renewal of the Authority's Insurance Coverage for the period of March 1, 2018 through February 28, 2019. Ms. Gates stated that the Authority Bylaws prescribe that the Executive Director is limited in the authorization of insurance procurements having premiums valued in excess of \$100,000. The Authority insurance program is approximately \$1.3 million. The Resolution authorizes the Executive Director to bind the insurance with the approval of the Chair of the Insurance Committee. The expenditure will be ratified by the Board at the first Board meeting subsequent to the insurance becoming effective on March 1, 2018.

Ms. Blew moved the Resolution authorizing the renewal of the Authority's Insurance Coverage for the period of March 1, 2018 through February 28, 2019. 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 Manasquan Reservoir System and 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. Ms. Buckley stated that the Board packets include a discussion of the proposed rates for fiscal year 2019 for both the Manasquan and Raritan Systems. The Basis and Background documents are available on the Authority website.

Ms. Buckley stated that no rate increases and no changes to the sales base are proposed for the Manasquan System. Ms. Buckley highlighted specific line items outlined in the resolution memorandum for the Manasquan System. Ms. Buckley stated that no rate increases and no changes to the sales base are proposed for the Raritan System. Ms. Buckley highlighted specific line items outlined in the resolution memorandum for the Raritan System. Ms.

Buckley stated that the informal meetings with the rate payers were held on November 2, 2017 for the Manasquan System and November 3, 2017 for the Raritan System. The rates have been approved by Rules.gov. It is anticipated that the rates will be posted in the New Jersey Register on January 2, 2018. Pre-public hearings will be held in January and public hearings will be held in February. Ms. Buckley stated that the final rates will be presented to the Board for approval on June 4, 2018 for an effective date of July 1, 2018. Ms. Gates added that no members of the customer base attended the November 2 informal meeting for the Manasquan System. Ms. Gates stated that five customers were represented at the November 3 informal meeting for the Raritan System and that the Authority provided satisfactory answers to all questions presented by the customers.

Mr. Mai 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. Dr. Hseuh seconded the motion for the Resolution. All Authority members approved the Resolution.

Mr. Mai 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.

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. Dr. Hsueh seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:21 P.M.

I hereby certify this to be a true and original copy of the November 6, 2017 New Jersey Water Supply Authority meeting minutes.

Michelle Rollman

Michelle Rollman
Executive Secretary II