

Minutes of the Meeting of
New Jersey Water Supply Authority
of
December 4, 2006

A regular meeting of the New Jersey Water Supply Authority was convened on December 4, 2006 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 New Jersey Department of Environmental Protection Commissioner and New Jersey Water Supply Authority Chair Lisa P. Jackson, Gary Sondermeyer, served as Acting Chair of the meeting and called the meeting to order.

Deputy Attorney General Helene P. Chudzik read the statement required by the "Open Public Meeting Act".

Executive Director Henry S. Patterson III took the roll call of the Authority members.

Present: Gary Sondermeyer, Acting Chair
Susan Blew
Shing-Fu Hsueh
Steven J. Picco
Louis Mai
Robert Iacullo
Absent: Donald Correll

Interested Parties Present:
Oleg Kostin, New Jersey American Water
Dave Shope, Member of the Public
Charles Engler, Friends of Spruce Run
W. Einthoven, Friends of Spruce Run

Authority Staff Present:
Henry S. Patterson III, Executive Director
Joanna K. Stem, Executive Secretary
Edward Buss, Chief Engineer
Beth Gates, Director Finance and Administration
Daniel Van Abs, Director Watershed Protection
Frank Scangarella, Dir. Contracts, Risk Mgt & Legal Affairs
Richard Famularo, Manager Manasquan Water Supply System
Rita Nagy, Principal Accountant
Paula Dees, Property Administrator
William Bogosian, Manager Raritan Basin System
Helene P. Chudzik, Deputy Attorney General

A quorum existed for the transaction of Authority business.

APPROVAL OF THE MINUTES

Acting Chair Sondermeyer opened the meeting by asking for the approval of the minutes of the November 6, 2006 meeting. Mrs. Blew moved for the approval of the minutes as prepared. Mr. Picco seconded this motion. All members approved of the motion.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson welcomed Mr. Bogosian back after being out on leave. Mr. Patterson stated that in accordance with Executive Order 37 the Governor's Office scheduled a meeting on December 18 for each Executive Director and their Chair. Mr. Patterson and Mr. Sondermeyer will attend.

COMMUNICATIONS/CORRESPONDENCE

There were no items of Communication/Correspondence.

UNFINISHED BUSINESS

Mr. Famularo reported that all operations in the Manasquan Water Supply System are normal and that the Manasquan Reservoir is near full capacity. Due to ample rainfall, pumping into the reservoir was done last week. Mr. Famularo stated that the intake pump station cleaning has been completed. Mr. Famularo stated that all deliveries from the Water Treatment Plant were normal and there were no interruptions of service to our customer communities. A plant shutdown has been scheduled for Wednesday December 6 to work on instrumentation controllers within the plant's main control panel. Mr. Famularo also stated that a meeting would be held on Tuesday December 5 with the Customer Communities to review the Stage 2 Disinfectants/Disinfection Byproducts Rule.

Mr. Bogosian reported that all operations in the Raritan Basin System are continuing normally.

Dr. Van Abs provided an updated status report for the Watershed Protection Program stating that his staff maintained progress on all projects during the time that he was working most intensively with the Highlands Council.

NEW BUSINESS

Ms. Nagy gave a brief report on the Unaudited financial report for the period ending September 30, 2006 stating that there were no cash receivable or accounts payable problems for the reporting period.

Mr. Picco asked if the Authority has heard anything from FEMA for reimbursement of expenses claimed for the repairs during the 2006 flooding events. Mr. Patterson stated that he does expect to hear from them shortly.

Ms. Gates provided the background information on the resolution approving the Annual Report for New Jersey Water Supply Authority for 2006 as required by Executive Order 37. Ms. Gates reviewed the specific requirements of Executive Order 37 relative to the Authority's 2006 Annual Report. She reviewed several of the required new sections in the 2006 Annual Report, including the sections on the Authority's degree of success in addressing State's policies on economic growth, the identification of the Authority's internal financial controls, and certification that the Authority followed it's internal controls or if not the remedy to address the inadequacies and the annual review of Authority's operations to identify inefficiencies. Mr. Sondermeyer asked whether the efficiency review was programmatic or had to do w/internal controls. Ms. Gates stated that it was regarding budgetary savings. Mr. Picco moved the Resolution Approving the Annual Report of the New Jersey Water Supply Authority for 2006. Mr. Iacullo seconded the motion for the resolution. All Authority members approved the resolution.

Mr. Buss provided the background information on the resolution authorizing a professional engineering contract for the construction of a building structure over the Intake Pump Station at the Manasquan Reservoir System. Mr. Buss explained that part of the original design of the intake pump station included a structure over the intake pumping station. During the original construction, as a cost savings, the structure was not included. It has now been determined that to eliminate continuing problems with equipment, a building should be constructed. Mr. Buss reviewed the solicitation for proposals and stated that six technical proposals were received and evaluated by staff. With the approval of the Chair, Capital Projects Committee fee proposals were requested from three of the firms. Negotiations were held with the top rated firm and while the top firm made significant concessions in their revised fee proposals, they remained higher in price than the second rated firm. It was then decided to contract with the second rated firm. This resolution recommends that a professional engineering contract be awarded to the second rated firm, Schoor DePalma. Mr. Sondermeyer asked if the need for the enclosure was linked to security. Mr. Buss explained that part of the project would include considerations for vulnerability and security. Mr. Mai moved the Resolution authorizing award of a contract for professional engineering services required for the Construction of a Building Structure over the Intake Pump Station, Manasquan Reservoir System to Schoor DePalma of Brick, New Jersey for a

lump sum amount of \$122,000. Dr. Hsueh seconded the motion for the resolution. All Authority members approved the resolution.

Mr. Scangarella provided the background information on the resolution to award a contract for insurance brokerage services and authorizing the remarketing and binding of the 2007 Insurance Program for the Authority. Mr. Scangarella stated that this resolution authorizes two actions. The one action is to authorize the Executive Director to bind the coverage for the 2007 Insurance Program. The second portion is for the award of a three-year contract for insurance brokerage services associated with the remarketing of the Authority's 2007 Insurance Program. Mr. Scangarella reviewed the requests for proposals, the ranking process and the negotiations with the top two ranked firms for insurance brokerage services. Discussion was held on the method used by the Authority for ranking and scoring of proposals. It is noted that staff will review the standards used for ranking and scoring proposals. Dr. Hsueh moved the Resolution awarding a contract for insurance brokerage services to Banc of America Corporate Insurance Agency, LLC of Cranford, NJ for the annual sums of \$60,000, \$50,000 and \$50,000 and authorizing the remarketing and placement of the Authority's Insurance Program for the period of March 1, 2007 through February 29, 2008. Mr. Picco seconded the motion for 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

Mr. Engler commented on the use of the recreational facilities and the favorable water conditions at Spruce Run Reservoir. Mr. Engler asked about the stormwater run off from two local housing developments. Dr. Van Abs explained the stormwater runoff system at Water's Edge is tilted to run off towards Route 31 and not Spruce Run Reservoir. Dr. Van Abs explained that the stormwater runoff system at Lookout Point has

infiltration trenches in the three stormwater basins and roof top recharge from every rooftop in the project, and was prevented from discharging stormwater at a point closes to the reservoir. Mr. Engler suggested that the Authority purchase easement rights instead of property. Mr. Patterson explained that we have purchased easement rights when available and appropriate.

Mr. Shope asked how far is the discharge into the South Branch of the Raritan River from the Waters Edge and Lookout Point Housing Projects. Dr. Van Abs stated that the discharge from Waters Edge goes to a detention basin on the Route 31 side of the property and moves through stormwater systems several hundred yards before it reaches the South Branch of the Raritan River. At Lookout Point, Dr. Van Abs explained that the discharge goes into a large block of wooded property approximately one-third to a quarter of a mile from the reservoir. Mr. Shope asked if Executive Order 37 addresses public comment at public meetings. Mr. Sondermeyer stated that it does not. Mr. Shope questioned the Virginia Street transfer station, out of basin transfers, safe yield and Elizabethtown Water Co.'s permit. Mr. Patterson explained that there are currently out of basin transfers. Mr. Picco explained that the safe yield is considered when out of basin transfers are requested. Mr. Shope asked if Elizabethtown Water Company had a ten-year water allocation permit and could they ask the Authority for more water? Mr. Patterson stated that Elizabethtown Water Co. currently has about six years remaining on their ten-year water allocation permit, and that Elizabethtown Water Co. could contract for more water from the Authority under that permit. Mr. Patterson stated that they would have to go the Authority's normal contract process including a public hearing.

Mr. Einthoven thanked the Authority for the information provided to him with regard to the location of the four dams at the Spruce Run Reservoir.

Mr. Shope asked what would be discussed in today's Executive Session.

EXECUTIVE SESSION

D.A.G. Chudzik read the statement to go into Executive Session to discuss land acquisition. Mr. Mai moved the resolution to go into Executive Session, which Mr. Picco seconded. All Authority members approved the motion.

RETURN TO PUBLIC SESSION

Dr. Hsueh moved the resolution that the meeting be placed back into public session. Mr. Picco seconded this motion. All Authority members approved the motion.

Mr. Iacullo moved the Resolution authorizing execution of a contract to purchase a fee simple interest in a 132+ acre critical watershed parcel in Lebanon Township, the Resolution authorizing execution of a contract to purchase a fee simple interest in a 103+ acre critical watershed parcel in Bethlehem Township and the Resolution authorizing execution of a contract to purchase a fee simple interest in a 100+ acre critical watershed parcel in Mendham Township. Mr. Picco seconded the motion for the three resolutions. All Authority members approved the resolutions.

Dr. Hsueh moved to adjourn the meeting. This motion was seconded by Mrs. Blew and was approved unanimously. The meeting was adjourned at 3:19 P.M.

I hereby certify this to be a true and original copy of the December 4, 2006 New Jersey Water Supply Authority meeting minutes.

Joanna K. Stem
Executive Secretary