

Minutes of the Meeting of  
New Jersey Water Supply Authority  
of  
April 7, 2008

A regular meeting of the New Jersey Water Supply Authority was convened on April 7, 2008 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Administration Building located at 1851 Route 31, Clinton, New Jersey.

As designated by Lisa P. Jackson, Commissioner New Jersey Department of Environmental Protection and Chair New Jersey Water Supply Authority, Fred Sickels, 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: Fred Sickels, Acting Chair  
Louis Mai  
Susan Blew  
Shing-Fu Hsueh - by telephone  
Steven J. Picco - by telephone  
Absent: Robert J. Iacullo  
Donald Correll

Interested Parties Present:

Charles Engler, Friends of Spruce Run  
David Shope, Self  
Ronald Williams, Middlesex Water Co. & East Brunswick Twp.  
Oleg Kostin, New Jersey American Water  
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 & Administration  
Michael Citarelli, Chief Financial Officer  
Ken Klipstein, Director Watershed Protection Unit  
Richard Famularo, Manager Manasquan Water Supply System  
Bill 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 Sickels asked for the approval of the minutes of the March 3, 2008 meeting. Mr. Mai moved for the approval of the minutes as prepared and this motion was seconded by Mrs. Blew and Dr. Hsueh. The minutes of the March 3, 2008 meeting were approved by the Board.

#### **EXECUTIVE DIRECTOR'S REPORT**

Executive Director Patterson introduced Ken Klipstein the new Director of the Watershed Protection Programs.

#### **COMMUNICATIONS/CORRESPONDENCE**

A newspaper article on a River Friendly Farm was included in the Communications/Correspondence section.

#### **UNFINISHED BUSINESS**

Mr. Famularo reported that the Manasquan Reservoir is approximately 99% of full capacity. Mr. Famularo reported that a meeting was held with the Alternative Energy Consultant regarding their preliminary report. All operations at the Manasquan Reservoir System continued normally during the past month. The Consumer Confidence Report was completed and mailed to the five towns by the required April 1, 2008 date. Mr. Famularo stated that a meeting was held with the consultant to discuss the ozone system evaluation and repairs project. Mr. Famularo also stated that staff met with the consulting firm to discuss the Asset Management Plan for the Water Treatment Plant. Mr. Patterson informed the Board that a meeting was held with the five towns, whose initial contracts with the Monmouth County Improvement Authority expire 2012, to discuss future capital improvements.

Ms. Gates stated that the Hearing Officer's Report for the Manasquan Reservoir System was included with the Agenda package. Commissioner Mai was the Hearing Officer at the Public Hearing held on February 8, 2008. Ms. Gates explained that the rate resolution reflects no changes from the November proposed rate submission to the Board. Ms. Gates reviewed the sales base, the initial customer rate, and the delayed contract rate. Mr. Mai stated that one person from the Department of Agriculture attended the Public Hearing and that person had no comments. Mr. Mai also stated that the Public Hearing was held with no unusual events. Mr. Mai moved the resolution adopting revisions to the

Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System, to become effective July 1, 2008 (regulations found at N.J.A.C. 7:11-4 et seq.). Mrs. Blew seconded this motion. All Authority members approved the resolution.

Mr. Bogosian reported that all activities at the Raritan Basin System have been normal during the past month.

Ms. Gates stated the Hearing Officer's Report for the Raritan Basin System was included with the Agenda package. Gary Sondermeyer was the Hearing Officer at the Public Hearing held on February 1, 2008. Ms. Gates explained that the rate resolution reflects changes from the November proposed rate submission to the Board. Ms. Gates reviewed the changes to the sales base, the reduced O & M charges per million gallons; changes to the sales base and rate for the 1998 debt service and the capital fund component. Ms. Gates stated that one person from the Department of Agriculture attended the Public Hearing. Mrs. Blew moved the resolution adopting revisions to the Schedule of Rates, Charges and Debit Service Assessments for the Sale of Water from the Raritan Basin System, to become effective July 1, 2008 (regulations found at N.J.A.C. 7:11-2.1 et seq.). Mr. Mai seconded this motion. All Authority members approved the resolution.

Mr. Patterson stated that the Watershed Protection Unit continued to work on the ongoing projects throughout the past month. Mr. Klipstein added that he looks forward to working with the Watershed Protection Unit.

#### NEW BUSINESS

Ms. Gates provided the background information on the resolution for the submission of a loan application to the New Jersey Environmental Infrastructure Financing Program. Ms. Gates explained that the Authority utilized the NJEIFP for the last five years, and that this resolution would authorize the Authority's participation in the 2008 program and which is also the submission of an application to the Local Finance Board. Ms. Gates provided and explained a handout to the Board. This information included a yearly summary of the acres preserved by parcel, a yearly total value and the Authority's loan to acres costs. Ms. Gates discussed the original program assumption model number, the debt service component and the source water protection component. Ms. Gates stated that the Authority would finance an amount not to exceed \$3,000,000 for three (3) critical watershed parcels for the 2008 program. These parcels are located in the Townships of Franklin and Lebanon in Hunterdon County and in Mendham Township in Morris County. Ms. Gates

reviewed the deadlines, the timing of the application and the administration fees. Mr. Sickles moved the Resolution authorizing submission of a loan application to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) to finance certain Authority critical watershed parcel acquisitions and an application to the Local Finance Board for approval of Authority participation in the NJEIFP. Dr. Hsueh seconded this motion. All Authority members approved the resolution.

Ms. Gates provided the background information on the resolution authorizing the execution of a D&R Canal Transmission Complex Utility Lease Agreement with Public Service Electric and Gas Co., Inc. Ms. Gates explained that this is a twenty-year lease for the utilization of approximately 4100 square feet for a 12" gas main. An appraisal was completed for this lease and the appraisal value of the lease is \$200 per year. Mr. Mai moved the Resolution Authorizing the Execution of a D&R Canal Transmission Complex Utility Lease Agreement with Public Service Electric and Gas Co., Inc. Mrs. Blew seconded this motion. All Authority members approved the resolution.

Mr. Famularo provided the background information on the resolution authorizing the Executive Director to enter into a three-year purchase agreement for the Analysis of Potable Water Samples at the Manasquan Water Supply System - Water Treatment Plant. Mr. Famularo provided the details of the bidding process. Mr. Famularo further explained that this is a three-year contract and the purchase order would be contingent upon the approval of funding for the second and three years by the Monmouth County Improvement Authority. Mr. Mai moved the Resolution authorizing the Executive Director to enter into a three-year purchase agreement for the Analysis of Potable Water Samples at the Manasquan Water Supply System - Water Treatment Plant with Garden State Laboratories, Inc. of Hillside, New Jersey for an amount not to exceed \$44,966.25. Mrs. Blew seconded this motion. All Authority members approved the resolution.

#### **COMMITTEE REPORTS**

- (a) Personnel - no report
- (b) Finance - no report
- (c) Consumers - 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 asked about the maintenance on the properties purchased by the Authority. Mr. Engler provided his opinion on the proposed closing of certain State Parks.

Mr. Shope asked for and received a copy of the Hearing Officer's Report for the Raritan Basin System and a copy of the hand out on for the property program. Mr. Shope asked what sales base was used for the rate setting process, and what is the Authority's billing cycle for the Authority's water customers. Mr. Shope questioned the \$20 million program assumption model figure.

Mr. Einthoven asked if there was a house included on property that the Authority purchased through the source water protection program. Mr. Patterson stated that there was no house on the property that was purchased.

**EXECUTIVE SESSION**

There was no need for an Executive Session.

Mr. Mai moved to adjourn the meeting. Mrs. Blew seconded the motion. All Authority members approved the motion. The meeting was adjourned at 2:30 P.M.

I hereby certify this to be a true and original copy of the April 7, 2008 New Jersey Water Supply Authority meeting minutes.

          s/Joanna K. Stem            
Joanna K. Stem  
Executive Secretary