

Minutes of the Meeting of
New Jersey Water Supply Authority
of
November 3, 2008

A regular meeting of the New Jersey Water Supply Authority was convened on November 3, 2008 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. Steve Picco, Vice Chair called the meeting to order.

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

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

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

Interested Parties Present:

Dave Shope, Member of the Public
Arthur Roswell, Friends of Spruce Run

Authority Staff Present:

Henry S. Patterson, Executive Director
Joanna K. Stem, Executive Secretary
Edward Buss, Chief Engineer
Beth Gates, Director Finance and Administration
Ken Klipstein, Director Watershed Protection Unit
Michael Citarelli, Chief Financial Officer
Helene P. Chudzik, Sr. Deputy Attorney General
Bill Bogosian, Manager Raritan Basin System
Julie Hajdusek, Property Administrator
Sonia M. Frontera, Governor's Authorities Unit

A quorum existed for the transaction of Authority business.

APPROVAL OF THE MINUTES

Vice Chair Picco opened the meeting by asking for the approval of the minutes of the October 6, 2008 meeting. Mr. Mai moved for the approval of the minutes as prepared. Mrs. Blew seconded this motion. All members approved of the motion.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated that there were no additions to his report.

COMMUNICATIONS/CORRESPONDENCE

There were no items of Communications/Correspondence

UNFINISHED BUSINESS

Mr. Buss reported that all operations in the Manasquan Water Supply System and the Water Treatment Plant were normal and there were no interruptions of service to our customer communities. Mr. Buss reported that the Manasquan Water Supply System has only received 2" of rain during the past month.

Mr. Citarelli reviewed the 2009 Calendar Year Budget for the Water Treatment Plant/Transmission System. Mr. Citarelli stated that the budget is \$2,601,109, which represents a 7.3% increase from the 2008 Calendar Year Budget. Mr. Citarelli stated that the Authority would be meeting on November 7, 2008 with the Monmouth County Improvement Authority (MCIA) to review this budget.

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

Mr. Klipstein stated that the Watershed Protection Unit has been working on finalizing scopes of work so that contracts with the N. J. Department of Environmental Protection for \$750,000 in grants can be executed.

NEW BUSINESS

Ms. Gates presented an overview to the proposed rates and the sale bases for both the Manasquan Reservoir System and Raritan Basin System that would be effective on July 1, 2009.

MANASQUAN WATER SUPPLY SYSTEM - Ms. Gates reviewed the proposed changes to the sales base and rates for Fiscal Year 2010. She stated that \$68.49 of the rate increase is due to lower available surplus and interest earnings and a nominal increase in the operating expense budget of 2.3 percent.

RARITAN BASIN SYSTEM - Ms. Gates also reviewed the proposed changes to the sales base and rate components for Fiscal Year 2010. The O&M rate component is increasing by \$4.05 due to lower interest earnings and a nominal increase in the operating expense budget of 3.6 percent.

Mr. Picco 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 and 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. Mr. Mai seconded the motion for both resolutions. All Authority members approved the resolutions.

Mr. Patterson stated that no action is needed on the Audited Financial Statements for the Fiscal Year ending June 30, 2008 that are included in the package.

Ms. Gates provided the background information on the Resolution authorizing the renewal of a Risk Management Consulting Services Agreement. Ms. Gates explained that the Authority entered into a contract with Albert Risk Management Consultants (ARMC) for a one-year period in September 2006 for program review and remarketing consulting services, with options to renew for two consecutive one-year periods. In October 2008 ARMC submitted their third year cost proposal for general risk management services. Ms. Gates further stated that ARMC would assist the Authority in the placement of its March 2009 insurance program. Mr. Picco moved the Resolution authorizing the renewal of a Risk Management Consulting Services Agreement with Albert Risk Management of Needham, Massachusetts for a one-year period in the amount of \$25,000 for program review and placement; bringing the total contract to a reimbursable-cost-not-to-exceed amount of \$72,600 for general risk management consulting services. Mrs. Blew seconded the motion. All Authority members approved the resolution.

Executive Director Patterson discussed the Resolution for the 2009 Authority Meeting dates, times and locations. These meeting times and locations will be the same as in 2008. Mrs. Blew moved the Resolution establishing the dates, times and locations for the Authority meetings scheduled in 2009. Mr. Mai seconded this resolution. All Authority members approved the

resolution.

Mr. Buss provided the background information on the Resolution authorizing the Executive Director to enter into a construction contract for repairs to the pre-ozone contact chambers at the Manasquan Water Treatment Plant, in Wall Township, Monmouth County, New Jersey. Mr. Buss stated that during internal inspections of the pre-ozone contact chambers at the Water Treatment Plant, the concrete was found to be severely degraded and in need of repair. The Authority retained the services of Camp Dresser and McKee, Inc. to investigate the interior of the concrete chambers and make recommendations for repairs. Mr. Buss stated that the CDM recommended specialty concrete repairs be made to the interior surface and joints of the chamber. CDM prepared the plan and specifications for the proposed repairs. Mr. Buss explained that the Authority advertised for bids in three newspapers of general circulation and the advertisement was also posted on the Authority's and the State's website. Thirteen prospective bidders attended a mandatory pre bid conference. Four bids were received and opened. Mr. Mai moved the Resolution authorizing the Executive Director to enter into a construction contract for repairs to the pre-ozone contact chambers at the Manasquan Water Treatment Plant, in Wall Township, Monmouth County, New Jersey to Hall Construction Company, Inc., of Howell, New Jersey for a lump sum and unit price bid of \$139,990.00. Mr. Picco seconded this resolution. All Authority members approved the resolution.

Mr. Buss provided the background information on the Resolution authorizing the award of a purchase order for a slope mower for the Manasquan Reservoir System. Mr. Buss explained that the Authority sent letters to prospective bidders inviting bids, advertised for bids in three newspapers of general circulation and the advertisement was also posted on the Authority's and the State's website. The slope mower is a very specialty item and only one bid was received. Mrs. Blew moved the Resolution authorizing the award of a purchase order for a slope mower for the Manasquan Reservoir System to Modern Equipment of Farmingdale, NJ in the amount of \$41,515. Mr. Picco seconded this 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. Shope asked if the Executive Session was to discuss the property acquisitions on today's agenda. He also questioned the interest rate being charged by the New Jersey Environmental Infrastructure Trust for the funds borrowed by the Authority. Mr. Shope asked if there was any information on the informal meeting held with the Authority's contract customers. He asked what the rate was per million gallons for the Raritan Basin System, and the amount of the Land Acquisition Component.

Mr. Roswell asked if the Authority would keep the levels in Spruce Run Reservoir low this winter to try to control milfoil in the Reservoir.

EXECUTIVE SESSION

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

RETURN TO PUBLIC SESSION

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

Mr. Picco moved the Resolution authorizing execution of a contract to purchase a fee simple interest in a 102+ acre critical watershed parcel in Delaware Township, Hunterdon County, the Resolution authorizing execution of a contract to purchase a fee simple interest in a 150+ acre critical watershed parcel in Mount Olive Township, Morris County, the Resolution authorizing execution of a contract to purchase a fee simple interest in a 17+ acre critical watershed parcel in Califon Borough, Hunterdon County, the Resolution authorizing execution of a contract to purchase a fee simple interest in a 36+ acre critical watershed parcel in Bethlehem Township, Hunterdon County, the Resolution authorizing execution of a contract to purchase a fee simple interest in a 78+ acre critical watershed parcel in Franklin Township, Hunterdon County, the Resolution authorizing execution of a contract to purchase a fee simple interest in a 102+ acre critical watershed parcel in Franklin Township, Hunterdon County, the Resolution authorizing execution of a contract to purchase a fee simple interest in a 163+ acre critical watershed parcel in Tewksbury Township, Hunterdon County and the Resolution

authorizing execution of a contract to purchase a fee simple interest in a 950+ acre critical watershed parcel in Mount Olive Township, Morris County. Mr. Mai seconded the resolutions. All Authority members approved of the resolutions.

Mr. Mai moved to adjourn the meeting. This motion was seconded by Mrs. Blew and was approved unanimously. The meeting was adjourned at 2:41 P.M.

I hereby certify this to be a true and original copy of the November 3, 2008 New Jersey Water Supply Authority meeting minutes.

Joanna K. Stem
Executive Secretary