

Minutes of the Meeting of
New Jersey Water Supply Authority
of
November 7, 2005

A regular meeting of the New Jersey Water Supply Authority was convened on November 7, 2005 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 Commissioner Bradley M. Campbell, Gary Sondermeyer served as Acting Chair of the meeting.

Deputy Attorney General Helene P. Chudzik read the statement required in accordance with the Open Public Meeting Act". Executive Director Henry S. Patterson III took the roll call of the Authority members.

Acting Chair Sondermeyer welcomed Robert Iacullo to the Authority Board.

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

A quorum existed for the transaction of Authority business.

Interested parties present:

Dave Shope, Lebanon Township
Charles Engler, Friends of Spruce Run
Frank Falco, Middlesex Water Co. & East Brunswick Township
Oleg Kostin, New Jersey American Water
William Einthoven, Friends of Spruce Run

Authority staff present:

Henry S. Patterson III, Executive Director
Edward Buss, Chief Engineer
Joanna K. Stem, Executive Secretary
Beth Gates, Director Finance & Administration
Michael R. Citarelli, Chief Financial Officer
Daniel Van Abs, Director Watershed Protection Program

Frank Scangarella, Director, Contracts, Risk Management &
Legal Affairs
Richard Famularo, Manager Manasquan Water Supply System
Bill Bogosian, Manager Raritan Basin System
Helene P. Chudzik, Deputy Attorney General
Sam Stanton, Governor's Authorities Unit

APPROVAL OF THE MINUTES

Acting Chair Sondermeyer opened the meeting by asking for the approval of the minutes of the October 3, 2005 meeting. Mr. Correll moved for the approval of the minutes as prepared and this motion was seconded by Dr. Hsueh. All members approved of the motion.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated that when each System's operations reports are given, the effects of the extraordinary rainfalls for October would be discussed. Mr. Patterson talked about the Millpond Dam failure in Allaire State Park, Monmouth County. This dam failure was upstream from the Manasquan Pump Station and Treatment Plant.

COMMUNICATIONS/CORRESPONDENCE

Mr. Patterson briefly discussed the articles regarding the Authority's Land Acquisition Program included in the Agenda package.

UNFINISHED BUSINESS

Mr. Famularo reported that all operations in the Manasquan Water Supply System were normal. After the 15.6" of rain in October, the Manasquan Reservoir was at 90% of capacity. Mr. Famularo informed the Board that on October 14th the Manasquan River reached a new elevation/flow record. The USGS gauging station at Manasquan recorded a river level of 17.22 feet above sea level. Mr. Famularo updated the Board on two security improvements at the Manasquan Reservoir - the installation of an automated gate at the Southard Road entrance to the dam and the installation of additional fencing at the 120" dam penetration. The Monmouth County Office of Homeland Security will pay for the installation of the additional fencing at the dam penetration as part of their critical infrastructure target hardening initiatives. Mr. Famularo also discussed the overhaul of a pump at the Reservoir Pumping Station and one at the Intake Pumping Station.

Mr. Famularo reviewed the events at the treatment plant after the collapse of the Mill Creek Dam. The treatment plant exceeded the mandated turbidity limits. The water treatment plant was shut down. A violation notification was issued as mandated by the Interim Enhanced Surface Water Treatment Rule. All of the circumstances regarding the violation were listed on the required notification including that no substandard water left the treatment plant. Mr. Famularo stated that the annual scheduled maintenance shutdown took place on October 20th. Mr. Famularo updated the Board on optimization study taking place at the treatment plant.

Mr. Citarelli reviewed the 2006 Calendar Year Budget for the Water Treatment Plant/Transmission System. Mr. Citarelli stated that the Authority would be meeting with Jack Kay, Chair of the MCIA and the five towns to review this budget.

Mr. Bogosian reported that approximately 13 inches of rain was recorded for the month at the Raritan Basin System. The rainfall created an increase of approximately 3 billion gallons in the Spruce Run Reservoir. Mr. Bogosian also reviewed the minor damages to a culvert at the Port Mercer Dike due to the heavy rainfall. Mr. Bogosian also reported that all other operations in the Raritan Basin System are continuing normally.

Dr. Van Abs provided the updated status report for the Watershed Protection Program. Dr. Van Abs discussed a meeting that was held regarding the water quality study at the Manalapan Lake to develop a watershed restoration plan for the New Jersey Department of Environmental Protection. Mr. Patterson stated that the Authority received an Environmental Achievement Award from the Association of New Jersey Environmental Commissions for the watershed protection's Highway Corridor Smart Growth Study through the Spruce Run Initiative. This is the second time an award was received for the Highway Corridor Smart Growth Study.

NEW BUSINESS

Mr. Citarelli reviewed the Basis and Background Statement in support of the proposed rate adjustments for the Manasquan Reservoir Water Supply System that would be effective on July 1, 2006. Mr. Citarelli stated that the pre-public hearing will be held on January 12, 2006 and the public hearing will be held on February 8, 2006. Both hearings will be held at the Manasquan Reservoir Administration Building.

Mr. Citarelli also reviewed the Basis and Background Statement in support of the proposed rate adjustments for the Raritan Basin System that would be effective on July 1, 2006. This is the same information provided to and reviewed with the water users at an informal meeting held on October 7, 2005 and

provided to the Authority members with the October Agenda package. Mr. Citarelli reported that the pre-public hearing will be held on January 6, 2006 and the public hearing will be held on February 10, 2006. Both hearings will be held at the Authority's Clinton Administration Building.

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 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. Dr. Hsueh seconded the motion for both resolutions. All Authority members approved the resolutions.

Mr. Citarelli briefly discussed the Audited Financial Statements for the fiscal year ending June 30, 2005. Mr. Citarelli explained that Mercadian Group completed their audit for the Fiscal Year ended June 30, 2005. The Authority will use these financial statements in their 2005 Annual Report, which will be printed by the New Jersey Turnpike Authority.

Executive Director Patterson discussed the resolution for the 2006 Authority Meeting dates, times and locations. These meeting times and locations will be the same as in 2005. Mrs. Blew moved the resolution establishing the dates, times and locations for the Authority meetings scheduled in 2006. Mr. Iacullo seconded this resolution. All Authority members approved the resolution.

Mr. Famularo provided the background information on the resolution regarding a contract for professional services to provide compliance assistance for the State 2 Disinfectants and Disinfection Byproducts Rule. Draft guidance documents indicate a new level of sampling and analysis for compounds created when disinfectants are applied to drinking water. Mr. Famularo stated that two consultants responded to the Authority's request for Statements of Qualifications and Technical Proposals. The Authority staff evaluated the proposals. Dr. Hsueh moved the Resolution authorizing the award of a contract for professional services to provide compliance assistance for the Stage 2 Disinfectants and Disinfection Byproducts Rule at the Manasquan Water Treatment Plant with McGuire Malcolm Pirnie, Inc. of Fair Lawn, NJ for a lump sum fee of \$7,500 for Task I plus a time and material amount not to exceed \$84,000 for Tasks II through IV. Mrs. Blew and Mr. Correll seconded the motion. All Authority members approved the resolution.

Mr. Scangarella provided the background information on the resolution for a contract with Applied Wastewater Management. This contract will supply water for a housing development in Mt. Olive Township. The proposed contract will be for ten (10) years. Dr. Hsueh moved the Resolution authorizing the execution of a Contract with Applied Wastewater Management, Inc. for Uninterruptible Supply from the Raritan Basin System. Mr. Mai seconded the motion. All Authority members approved the resolution.

Mr. Scangarella provided the background information on the resolution for approval to purchase of a critical watershed parcel in Bethlehem Township, Hunterdon County for approximately \$357,000. Mr. Scangarella stated that the Hunterdon Land Trust Alliance would be a contributing partner in this purchase. Dr. Hsueh moved the Resolution authorizing the purchase of Block 37, Lot 4.01 in Bethlehem Township, Hunterdon County. Mr. Correll seconded the motion. 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

Charles Engler recognized the efforts of the Authority to maintain the water levels in Spruce Run Reservoir this summer.

Dave Shope asked about the safe yield study. Dr. Van Abs explained that University of Colorado comments on the model have been received. Staff is finalizing the model and report, and expects to present it at the next Authority meeting. Mr. Shope asked about the Confluence project. Mr. Patterson stated that proposals are being evaluated, but no decision has been made at this time. Mr. Shope questioned the difference in the amount of the source water protection fund in the Manasquan System and the Raritan System. Mr. Shope congratulated the Authority on their land acquisition program.

William Einthoven asked about the Authority's efforts to safe guard their dams. Mr. Patterson stated that the Authority could not disclose their confidential security program for all dams and structures. Acting Chair Sondermeyer stated that security programs for the critical infrastructures identified by State are kept confidential.

EXECUTIVE SESSION

D.A.G. Chudzik read the statement to go into Executive Session. Mr. Mai moved the resolution to go into Executive Session, which Mrs. Blew 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. Mrs. Blew seconded this motion. All Authority members approved the motion.

Dr. Hsueh moved the Resolution authorizing the execution of contracts for preservation of two properties pursuant to the NJWSA's Raritan Highlands Preservation Program. Mrs. Blew seconded the motion. All Authority members approved the resolution.

Mr. Mai moved to adjourn the meeting. This motion was seconded by Dr. Hsueh and was approved unanimously. The meeting was adjourned at 2:45 P.M.

I hereby certify this to be a true and original copy of the November 7, 2005 New Jersey Water Supply Authority meeting minutes.

 /s/Joanna K. Stem
Joanna K. Stem