



27 High St. 2nd Floor
Poughkeepsie
New York, 12601
(845) 486-3601
Fax (845) 486-3610
dcwwa@dutchessny.gov
www.DCWWA.org

**DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY
APPROVED MINUTES OF OCTOBER 29, 2014
BUDGET WORKSHOP**

Authority Board Members

Thomas LeGrand
Chairperson

Vincent DiMaso
Vice-Chairperson

Rudy Vavra
Treasurer

Lawrence R. Knapp
Secretary

Ex officio Members

Ed Hoxsie
District Manager
Soil and Water Conservation District

Eion Wrafter
Acting Commissioner
D.C. Dept. of Planning & Development

Staff

Bridget Barclay
Executive Director

Mary C. Morris
Deputy Director

Board Members Present

Vince DiMaso
Larry Knapp
Rudy Vavra

Board Member Absent

Tom LeGrand

Others Present

Peter Dowley – Staatsburg Watchdog Committee

Meeting Open

Vince opened the meeting at 3:35 p.m.

2015 Salary Policy and Schedules

Bridget said no formal action is required of the Board at this time. The material provided is for the Board to review. Any questions or comments will be addressed at the November 19th board meeting. One change has been made under office positions. When Rose Wojcik was the Administrative Assistant this was a 35 hour per week position. That position is currently vacant. Staff has decided to change this to a 40 hour per week position. As we have done in the past we track with the County as far as annual salary changes. We have grades for each position there is an annual step. If the employees performance is acceptably they are eligible for a step increase in the first 8 years and then longevity increases after completion of 10, 15, 20, 25 or 30 years.

Bridget continued by saying per the County there is a 0% cost of living increase for 2014-2015. Employees are still eligible for Merit or step increases and anyone eligible for longevity increases. Rudy inquired about longevity. Bridget said when the employee has completed 10-30 years of service the employees supervisor would then evaluate the employee to see if they having been performing satisfactorily. If the employee has not, the longevity, as well as the merit increase would be postponed. There have been no other changes to the Salary Policy.

Proposed Salary and Benefit Adjustments for 2015

Bridget referred to the chart provided indicating proposed salary and benefit adjustments for 2015. 2014 salaries were also provided for comparison. Under total salaries you will see a \$62,781 increase. This is a combination of employee merit increases and longevities and the reinstatement of the Administrative Assistant position. Rudy asked when employees last received a cost of living increase. Bridget said 2008-2009. The Authority follows the County's CSEA contract and in 2013, in lieu of a cost of living increase, the County gave all employees a \$1,000 bonus regardless of their salary amount, and the Authority followed same. The County is in negotiations with CSEA but will not affect the County's 2015 budget.

On occasion the County has done retroactive increases as part of a new contract. In particular, when a few years have passed without a contract or cost of living increase. If the County were to do that for 2016, with a retroactive increase for 2015 we would bring a recommendation to do the same before the Board for 2016. Because of merit and longevity increases she believes there are no Authority employees that have not received some sort of increase in their salary over 2009 to current. Further discussion followed on step increases and longevity.

Bridget said for the Staff salaries we have also provided information on the County Staff support, the benefit assessment service fee and the Authority to show the Board where the money comes from. The Authority budget includes money we collect from the Admin Fee that we charge direct to the systems for our services. We charge to the Capital Projects for the management of those projects and escrow funded work if we are being paid by a developer to review infrastructure they want to connect into our system. At this point, the County Executive's budget does include the \$85,000 and the Staff Support.

2015 System Budget Projections – Authority General Administration Overview

Mary said the Board is aware of the challenges this year with expenses such as the increase in electric costs. We have seen decreased water use across all of our systems with the exception of one. We are also working on maintaining our aging systems trying to ensure that we are maintaining them well from an operational standpoint and timely replacement of equipment and facility maintenance.

We started with a CPI thru September of 1.7% which is the gauge that we use in evaluating the line items. We have our Salaries and Benefits which reflect a 0% cost of living and is the largest line item in our Authority budget. In 2013 the Authority used funds from the vacant Administrative Assistant position to create the System Operation and Maintenance Specialist position. This was done due to a greater need and better use of the funds to have an additional staff member that would have more time and the ability to interface with specifically the contractor run systems. With this position we also have an additional person available for Hyde Park if they need help. The Authority is now taking on additional project work with Dutchess County and we are being approached for our assistance by some municipalities. We want to reinstate the Administrative Assistant position in 2015 as we currently have single person departments; one person handling accounts payable, one person handling accounts receivable, etc. When there are any absences it falls to Management to cover and detracts from Managements duties. The

Administrative Assistant would assist Management Staff in moving projects forward and also be the backup for Accounts Payable and Accounts receivable.

Mary continued by saying we have received the \$10,000 increase in salary support we requested from the County for 2015 so we will be getting \$85,000 for salary support in total and our rent will stay at \$10,000. In addition to the staffing costs, under the Authority General Proposed Budget, is the computer equipment line where we are doing an upgrade in hardware for the CDWTL and additional software purchases. The most notable of which is software to allow Authority customers to view and pay their water and sewer bills on line. We have had many requests from the customers and if we acquire 8 additional water and sewer systems in 2015 this software will help us to absorb the additional work. There is also additional software we will be sharing across the systems and some of that will be covered with fund balance. For the time being we continue to budget some utilization of Paychex. They have been providing Human Resource and Administrative service assistance for the Authority for the time that the Administrative Assistant position was not filled.

Authority General System Overview

Mary said we have increased the Administrative Fee from 9.5% to 10%. This is the first increase since 2012. We are currently charging each of the systems the direct cost for billing, bookkeeping, meter reading and sample collecting. In addition we are now direct billing 75% of the Systems Operations and Maintenance Specialist. In 2014 budgets we were direct billing only 60% and we now recognize that the best use of that position is out in the field and at the systems at least 75% of the time. These direct billed line items are affected in the individual systems by virtue of the choices made by each of the employees that impact those line items in terms of their health insurance choices. They are impacted by any changes that we receive from the New York State Retirement System as far as our employer contribution is concerned. For 2015 their estimate is that we will see a reduction for the first time in many years for our annual employee contribution to the retirement system.

In terms of Operations Contracts, which are normally put out for proposal on a three year cycle, we have received proposals which have not been fully reviewed and finalized yet. We utilized the information from those proposals to estimate an expense in those particular line items. We have projected our increase for Audit and Accounting services and insurance as well but, as in past years, will not be able to finalize those numbers until December. Lab Testing is cyclic in nature and changes from year to year.

In reference to our electrical charges in 2014 we ran some numbers and through October 2014 we paid over \$231,000 between NYSEG and Central Hudson. This is an increase of 17.7% over the same time period last year. This year we have included a chart showing the systems water use because all but one of the systems billed on meter usage showed some type of decrease. Normally through the budget process we would look at a three year history, take the average and evaluate what changes have been made. We were concerned about the downward trend and took the lowest number in terms of creating the rate this year. We do not have any confidence that an average would provide an appropriate rate structure. Bridget said for some of the systems this is the third year there has been a consistent decline. Rudy asked if the Authority had considered solar energy

for the systems and if there might be some kind of government funding for same. Doug said NYSEG and Central Hudson came in and did energy audits to see what changes could be made but was not specifically for the potential use of solar energy. Rudy suggested that this something that should be looked into. Staff agreed.

Mary said we get into more detail about the Hyde Park Regional Water System decrease in usage when we talk about the Hyde Park budget. Mary asked if there were any questions. Rudy asked what had caused the decrease in usage. At least 3 restaurants in Hyde Park went out of business last year and many smaller businesses that have gone out of business and people are simply using less water in general.

Bridget said the Hyde Park Regional Water System is our largest commercial base. There are a few commercial properties in Dalton Farms. Everything else is residential. Along with the number of vacancies and reductions in usage there have been some customers that have had long standing leaks and are now having them repaired. Birch Hill, Dalton Farms Sewer, Fairways, Rokeby. Schreiber, Shore Haven and Valley Dale are all exclusively residential customers. Shore Haven has a number of summer homes and seasonal homes that have their water shut off at different times but we are not seeing a lot of vacancies with the other systems and the customers seem to be changing their water usage habits.

Mary said we also think there are some demographic changes taking place . With the smaller systems, any change to two or three homes is going to make a more significant percentage change in overall water use..

Authority General Budget

Mary said next we will go through the Authority Proposed General budget before going through proposed budgets for each system. We have provided 2 years of actuals with our 2014 budgeted numbers against our 2015 projections and as discussed earlier the largest changes are occurring in our computer lines and our salary lines. The expenses are shown at the top and the income at the bottom through the various systems. We also receive funding for assistance provided in creating the Benefit Assessment rolls and providing service to Dutchess County with those rolls. We are looking to utilize Authority fund balance to offset some of the administration expenses and specifically for the computer software purchase for the on-line customer payments. We budgeted \$10,000 for Professional services under the Admin line. That is for prospective projects and the Authority General fund has a sufficient fund balance at this time to cover it. As we do not know what projects may move forward requiring outside professional services, we did not feel it appropriate to raise rates for it and this aided in keeping the admin line at 10%. In addition we receive funding through Capital Project funds and escrow funds and Dutchess County support which is not just the salary line but their contractual obligation of \$12,375 paid to the CDWTL Capital Fund reserve. Mary asked if there were any questions. There were no questions.

Birch Hill Water System

Mary said there have been some changes to the Birch Hill billing and bookkeeping in part dependent on benefit costs, some on re-allocation based on their budgets and averages changing for the prior three years. Separate and apart from the General budget we are

looking at maintaining the line items to what they were previously and some increases in electric. We are finding that although electric use has not increased we are seeing an increase in the charges due to "peak" versus "off peak" use or a sudden surge which incurs a higher rate. Our new specialist is looking into more efficient methods of operation for a more consistent electric bill.

Birch Hill is one of the systems affected by the increased electrical costs. We have increased their electric line item based on 2014 use. The Filter Plant Backwash Disposal is a line that we have been carrying for years but have not yet realized an expense, but will at some point. Rather than raise the rates we have included it in prior year's budgets and have added a fund balance line. Detailed information has been added on the bottom of the rate sheets indicating the projected rate against what the rate was in 2014 showing the percentage and dollar amount increase, the average annual cost, the number of customers and the billed water use history and fund balance.

Bridget then brought the Board's attention to the percentage increase to the rate. In this case the rate increased to 2.67% but the average annual cost went up 1.6%. That is primarily a result of the users paying a combination of the fixed monthly service charge and a rate per thousand gallons used, and we have not changed any of the monthly service charges. That is the reason you see a rate increase that is more than the cost for the average customer change. Discussion followed. Mary asked if there were any questions. There were none.

Chelsea Cove Sewer System

Mary said Chelsea Cove Sewer is slated for Capital improvements. We have increased their telephone line due to maintenance of alarm systems at the plant. We own the alarm systems but pay for monitoring. Some upgrades and changes were necessary this year and we have budgeted some additional funds for same in 2015. The line item "Debt/Service Capital Improvement Fund" represents the last of our 2005 debt which is going to retire in 2015. If any remaining fund balance is not needed to pay off the 2015 debt, it will be applied toward the funds needed for Capital Improvements to follow. Staff has recommended a 1.81% increase to a Flat Rate of 694.92. Mary asked if there were any questions. There were no questions.

Dalton Farms Sewer System

Mary said in Dalton Farms Sewer most of the changes in the line item are consistent with what we discussed in the general overview. As a budget the 2015 proposed budget is actually below CPI at this point. We have increased the Capital Contingency line because we have other improvements on the facilities maintenance plan that were listed in 2014 but we have not yet begun and we will be moving forward on them at an estimated cost of \$70,000. In addition, because the Dalton Farms Sewer System customers are billed on the metered use registered on the water meters and we want to replace the water meters for Dalton Farms Water System, it is appropriate for sewer customers to contribute toward the meter replacement. We have increased their Capital Contingency line based on those items. Staff has recommended a rate increase for the Dalton Farms Sewer System to \$6.07/thousand gallons. This is a 2.53% rate increase to the sewer use rate and a 1.61% increase to the average customer with an average annual cost of \$499.96.

Larry asked if the new meters would cost the Authority revenue. Bridget said for the most part they under register, not over register. Mary said it would end up being a reallocation. Discussion followed. Bridget said the Authority is also moving toward automated meter reading systems. Mary said most of our systems still have the same meters as they did when we acquired them and it is very difficult to check the inside and outside meters to see if they are in sync. We did the Meter Amnesty Program last year because we were seeing a discrepancy in the inside and outside meters and about 500 customers took advantage of it. Mary asked if there were any further questions. There were none.

Dalton Farms Water System

Mary said that Dalton Farms Water is similar to Dalton Farms Sewer. The line items are in line with what we discussed in the general overview. The water system does not have as large a capital contingency line as the sewer system but we have increased theirs slightly as we want to replace water meters there, along with some facility maintenance, for which they have some fund balance that would be applied. They have not historically had large rate increases. They have remained fairly stable but we have been able to utilize their fund balance to make capital improvements. Staff has recommended an increase to \$3.38/thousand gallons; this is 3.36% increase to the water use rate and a 2.22% increase to the average customer annual bill. Mary asked if there were any questions. There were no questions.

Fairways Water System

Mary said Fairways is our newest system and has been running well. This is a system of 48 customers many of which relocate for the winter and that number may be increasing as we have seen a 5% decrease in water use. They pay the monthly service charge whether their water is on or off. They have a higher monthly service charge, due to the number of seasonal users, in order to not negatively affect the budget. Even with that, the decreased water usage, some plant work that needs to be done and specifically some well work, Staff recommends an increase for Fairways from \$5.03 to \$5.12/thousand gallons or 1.79%, for an overall increase of 0.45% to the average customer cost. Mary asked if there were any questions. There were no questions.

Hyde Park Regional Water System

Mary said the Hyde Park Regional Water System is the Authority's largest budget. This system is comprised of what were previously managed as four systems; Zone A/B, Staatsburg Water System Zone C, Zone D, and Zone L. This became a blended budget in 2011. We bill them separately in those zone sections. They each have their own customer base with a rate structure which is based on the use of those particular areas.

Hyde Park in general has experienced the greatest decrease in use. The bulk of which has occurred in the commercial section. That section represents 72% of the water that is billed in the Hyde Park Regional Water System. So when there is a 7% decline in that section there is a larger affect overall. This has resulted in a loss of revenue of over \$70,000 in 2014. We are in the process of looking at specific customers to see if there are meter issues. Many businesses have reduced use or closed down, residency appears to be declining, a number of apartment buildings have reduced use and hospitality and tourism seems to be declining also. Bridget added that some long term leaks have been repaired. The Haviland School complex decreased their use by 3.1 million gallons after

discovering boiler issues. Historically the Hyde Park Condos, the Ledges and Royal Crest have had leaks in their internal distribution system and have been making repairs.

Mary said Anderson School usage is also down. At this point we are not in the position to be comfortable using a different water usage number than we are currently using to project a rate for 2015. We have gone through the budgeted line items and effected an increase to engineering due to project and facility maintenance work that needs to be done, and a marginal increase in dollar amount to vehicles. Overall the budget has not increased greatly but with decline in water usage, specifically in the Commercial zone and the Zone D section, the rates will be impacted.

Staff recommends a rate increase to \$5.54/thousand gallons, up from \$4.93. This is a 12.37% rate increase, and for the average Hyde Park customer an increase of 8.44%. That is our recommended rate for what we call the zones of the original Hyde Park customers; Zone D and Zone L. Staatsburg would remain at their rate of \$5.78/thousand gallons. Mary advised the Board at the time we blended the budgets we said that we would be bringing the other three sections in line with the Staatsburg rate.

Rudy asked about the -\$27,000 listed under fund balance. Mary said that balance is in recognition of where we are right now but understanding the original Hyde Park, Staatsburg, and Zone D fund balances offset any deficit in this regional fund balance. It reflects expenses through September 30th but the four sections in Hyde Park are all billed on different cycles.

Bridget said because these were all originally separate systems there are fund balances that belong to each of those original Zones of Assessment. When you aggregate those and factor in the negative fund balance for Hyde Park Regional as an entity itself there is a total fund balance of about \$685,000.

Peter Dowley asked if there was any change in usage based on the capital improvement work being done in Staatsburg for the leak estimated at about 30,000 gallons per day. Mary said the time period that we used to estimate Staatsburg billed water use runs from August 1, 2013 through July 31, 2014 and the use was almost the same. Discussion followed on the decline in use in the commercial areas.

Rokeby Water System

Mary said most everything is consistent with the general system overview. This system has a two tiered rate structure. We raised chemical expenses slightly for additional chlorine needed and raised the Capital Contingency for Capital upgrades. This is a system of 57 customers with an 11.81% decrease in water use. We were able to re-evaluate some of the other line items and keep their increase to 1.74%. Our largest decrease has been in tier two billed usage. Stewarts is the only commercial user in this system. We went from 93,000 gallons used in tier two in 2013 down to 18,000 in 2014. Mary asked if there were any questions. There were no questions.

Schreiber Water System

Mary said Schreiber is the Authority's smallest system with a customer base of 23. Every dollar makes an impact so we manage their budget as tightly as possible. Most of the

increases are due to the general system overview line items. Staff is recommending a rate increase from \$9.71 to \$9.96/thousand gallons. This is an average annual customer cost increase of 1.35%, from \$755.15 to \$765.33, keeping it below CPI. Mary asked if there were any questions. There were no questions.

Shore Haven Water System

Mary said we began billing the Shore Haven residents on metered rate in 2014 instead of a fixed rate. This is a system with a number of seasonal customers which makes it difficult to evaluate their use data. The use continues to vary. Metered use has dropped 11% from what we used as the billed use number for the 2014 rate. We placed a large amount of the needed revenue in the fixed monthly charges.

This is a system of 93 customers. Only 80 of the customers are regular water users. Staff recommends a metered usage rate increase from \$5.16 to \$6.57. This results in a 6.5% overall increase to the average customer from \$694.08 to \$739.20. We still have some customers that we have not yet been able to meter and have established a flat, fixed rate for them. We have portioned that off between the monthly, which matches the metered customers, and a fixed rate for their water usage. This rate is still significantly below their 2011 customer cost of \$905. This adjustment is not driven by the budgeted expenses as much as it is by the decrease in billed water use. Larry asked why the Engineering budget is so high on the operations side. Mary said this was due to the pump fouling which was not a part of any of the Capital Projects. Mary asked if there were any other questions. There were none.

Valley Dale Sewer System

Mary said Valley Dale Sewer is also very simple from a budgeting standpoint. Line items noted in the General system overview are the only ones that at this point are above CPI. This system is also in line for a Capital upgrade in 2015. Staff recommends an increase of 1.72% for a Flat Rate of \$254.04/quarter or \$1016.16 per year. Mary added that as with our other systems any capital funds that are available will be applied to reduce the debt if possible. She then asked if there were any questions. There were none.

Valley Dale Water System

Mary said For Valley Dale Water we have increased about the same for ERM Plant and ERM System. We spent about \$2,500 in the ERM system this year. This system had a costly leak repair in 2013. We wanted to make sure the line item is sufficiently funded for the same amount for 2015. There was a marginal decrease in billed use. Staff recommends a 2.2% increase in the water rate to \$6.04/thousand gallons in addition to a monthly service charge. This is an overall increase to the average customer of 1.73%. Mary asked if there were any questions. There were none.

Central Dutchess Water Transmission Line

Mary said in terms of the Overview, there is no detailed evaluation on the line items for the CDWTL. Staff has determined that in most cases that our baseline is appropriate. With this system we are not allowed to carry a fund balance. After we close out the year end, any remaining funds are returned to both IBM and East Fishkill. We don't feel it is in the system or the Authority's best interest to take any great reduction on line items because of the cash flow. As per our contract, we received notification from Poughkeepsie that the

water rate would be \$2.10/thousand gallons for Poughkeepsie Water Purchase (Water Taken) a 1.94% increase over the 2014 rate. IBM specifically, as one customer in the system, contractually cannot be billed more than 8% Admin so the Admin is an adjusted number based on 8% for IBM but 10% for IBM East Fishkill.

Bridget said the Public Hearing on the proposed rates and budgets would be held during the November 19th board meeting. We provide copies of the 2015 proposed budgets and rates and they are also posted on the Authority website. We also send them to the County Legislators, Town Supervisors, and Customer Liaisons etc. Mary said we always suggest that anyone with questions or concerns about the budgets arrange a meeting with Staff prior to the board meeting and Public Hearing.

Contract Award – SHW Permanent Treatment Building Construction

Vince said this resolution was removed from the agenda.

Rejection of Bids – CCS Wastewater Treatment Plant Rehabilitation Project

Larry made a motion that the bids for Contract CCS-PWC-2014-01 General Construction, Contract CCS-PWC-2014-02 Electrical Construction, and Contract CCS-PWC-2014-03 HVAC Construction be rejected. This was seconded by Rudy and passed unanimously. (Res.2014.10.29.B)

Confirm Next Meeting Date

Vince confirmed the next board meeting date and Public Hearing of November 19, 2015.

Adjournment

At 4:50 p.m. Rudy made a motion to adjourn, this was seconded by Larry and passed unanimously.

Respectfully submitted,



Jackie Burger
Senior Typist

Resolutions

- | | |
|----------------|-----------------------------------------------------------------------------------------------------------------|
| Res. 2014.A/ | Motion to award Contract – Shore Haven Water Permanent Treatment Plant Rehabilitation Construction ***TABLED*** |
| Res. 2014.B/01 | Motion to reject bids – Chelsea Cove Sewer Wastewater Treatment Plant Rehabilitation Project. |
| Res. 2014.C/02 | Motion to adjourn |

