

**DUTCHESS COUNTY**



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

**DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY  
UNAPPROVED - MINUTES OF JUNE 17, 2015**

Authority Board Members

**Thomas LeGrand**  
Chairperson

**Vincent DiMaso**  
Vice-Chairperson

**Rudy Vavra**  
Treasurer

**Lawrence R. Knapp**  
Secretary

**Amanda Baxter-Dingee**

Ex officio Members

Brian Scoralick  
Acting Executive Director  
Soil and Water Conservation District

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

Staff

Bridget Barclay  
Executive Director

Mary C. Morris  
Deputy Director

**Board Members Present**

Tom LeGrand  
Vince DiMaso  
Larry Knapp  
Rudy Vavra

**Staff Present**

Bridget Barclay  
Jackie Burger  
Jonathan Churins  
Peter Fadden  
Ed Mills  
Mary Morris  
Doug Odell

**Board Member Absent**

Amanda Baxter-Dingee

**Ex-Officio Member**

Eoin Wrafter – Commissioner, Dutchess County Planning  
and Development

**Others Present**

Don Sagliano – Legislative Liaison  
Dan Keeler – Dutchess County Department of Health

**Meeting Open**

Tom LeGrand opened the meeting at 3:31 p.m.

**Approval of Board Meeting Minutes**

Tom asked for a motion to approve the minutes of the May 20, 2015 board meeting. The motion was made by Rudy; seconded by Larry; voted on and passed unanimously with Vince abstaining as he was not present at the May meeting. (Res. 2015.06.A/13)

**Chairman's Report**

Tom said he worked with Staff on various issues this month.

### **Operations Report**

Tom asked if there were any questions on the Operations report included in the package. There were no questions. Eoin noted that water use in Valley Dale had increased from 24,737 gallons in April to 36,636 in May. Doug said the operators checked for leaks and found that a significant number of homeowners were watering their lawns and some were filling pools.

### **Finance Report – Approval of Warrant**

Tom said the warrant was included in the package. Mary said there were no changes. Vince made a motion to approve the warrant. The motion was seconded by Rudy; voted on and passed unanimously. (Res. 2015.06.B/01)

### **Preliminary County Budget Process**

Bridget said this requires no action at this time. We are reviewing with the board what we are proposing to ask for from the Division of Water Resources budget. There are no changes from what we asked for last year with the exception of proposing to ask for \$95,000 for Staff support compared to last years \$85,000. To maintain the same level of support, in terms of percentage support, for the positions supported through the Division of Water Resources we would need \$90,000 and due to a number of requests by the County which would increase our involvement we would like to increase that amount. The County is proposing to begin funding the infrastructure portion of the Partnership for Manageable Growth in 2016. Tom asked if \$95,000 would be adequate. Bridget said she believes we can justify that amount. She added that when putting the County budgets together, the County Executive's office discouraged increases to last year's budgets. Tom asked Bridget to request \$105,000 due to our increased workload and the Board agreed.

### **Approval of Continuing Disclosure Filing**

Vince made a motion that the Authority Board approve the 2014 Annual Financial and Operating Data Continuing Disclosure Report as presented and authorizes the Executive Director or Deputy Director to proceed with any and all steps necessary to file this report with the Municipal Securities Rulemaking Board. The motion was seconded by Rudy; voted on and passed unanimously. (Res. 2015.06.C/02)

### **Fairview Pump Station Debt Issuance**

Mary advised the Board that in 2004, at the time when we were working on the CDWTL Project, there was a need for an investment in the Town of Poughkeepsie's Fairview pump station because we would be receiving some of the water along that corridor. At that time all of our funding was not completely locked in. As a result the Board voted to authorize the issuance of up to \$650,000 in debt if needed. Due to the other funding sources we ultimately did not need it. Because we obligated ourselves through a resolution we have had to carry this as part of the notes of obligation in our financial statement. It was recommended by our auditors that we do a resolution dissolving our responsibility of that authorization.

Rudy made a motion to formally acknowledge that there is no longer a need or commitment for this authorized debt and that the Authority Board hereby rescinds Authority Resolution 2004.02.03 thereby releasing itself from any ongoing commitment for this debt.

The motion was seconded by Vince; voted on and passed unanimously.  
(Res. 2015.06.D/03)

**System/Capital Projects – CDWTL Pump Station Roof Repair – Authorize CO#1 to the PWSO**

Vince asked if the roof repair could be done under warranty. Peter said we had the contractor have the Firestone warranty inspector come in to inspect it. Firestone has paid for about \$6,000 or \$7,000 for repairs that were covered by warranty. We have five more years on the warranty. If we do the necessary repair work now we expect that when we reach 15 years they will give us the warranty extension. We looked at a cost of about \$5,000 versus extending the life of the roof. At this time, it is about \$35-\$40 per square foot to replace the roof. Tom asked where the funding for this project was coming from. Bridget said from the Operation budget. Discussion followed on the roof type and square footage.

Rudy made a motion to authorize the Executive Director or Deputy Director to execute Change Order No. 1 in the amount of \$4,875.57 and an extension of 30 days resulting in a contract amount increase to \$26,675.57 with substantial completion to be no later than 60 days from notice to proceed and no more than 90 days for complete, ready for final payment. The motion was seconded by Vince voted on and passed unanimously.  
(Res. 2015.06.E/04)

**Shore Haven Water Treatment System Improvement Project – Authorize Amendment to Engineering Services Agreement**

Tom said the amendment to the Shore Haven Engineering Service Agreement was discussed last month. Bridget said at that time the consensus of the Board was for Tom and Larry to meet with Savin and they did so. Bridget said the intent of the Board at the time was they would then go ahead and approve the agreement, but no resolution to that affect was adopted. Tom said they had lengthy conversation with Savin, with Staff present, and will now move ahead with the resolution.

Rudy made a motion to authorize the Executive Director or Deputy Director to execute Amendment No. 5 to Design Services Agreement with Savin Engineers P.C. for the Shore Haven Water System – Supply and Treatment Improvement to increase the contract by a net amount of eighty-four thousand three hundred and sixty-eight dollars (\$84,368). The motion was seconded by Vince; voted on and passed unanimously. (Res. 2015.06.F/05)

**IBM Water Supply Agreement – Authorize Execution of Assignment and Assumption Agreement**

Bridget said she and Tom had discussed the IBM Assignment and Assumption Agreement and there is one contentious issue involved. The purpose of the agreement is to assign from IBM to Global Foundries the rights and obligations of the water supply purchase agreement we have with IBM. Global Foundries is taking over the site as of the 1<sup>st</sup> of July. They need to have a contract to buy water. They were very late in contacting the Authority and we have been actively negotiating with IBM, Global Foundries and the Poughkeepsie Joint Water Board. If possible, by month's end we hope to resolve this and that the Board would authorize Tom as Chairman to do the final sign off on the agreement.

Vince asked if the Authority had options to release us from the contract. Bridget said IBM has an early termination right that at any time from this point forward they can give us three years notice and terminate before the thirty year term is up, but the Authority has no termination option. Bridget said the only issue in debate is whether or not ongoing security is required by IBM and/or Global Foundries to guarantee the performance of Global Foundries under the agreement. We are not contracting with Global Foundries per se. We would be entering into an agreement with Global Foundries US LLC 2 which is the entity established to own the East Fishkill site and Burlington, Vermont sites. Vince asked if we have any outstanding issues with IBM. Bridget said no. Discussion followed.

Rudy made a motion that the Authority Chairman is authorized to execute the Assignment and Assumption Agreement in substantially the form presented to this meeting. The motion was seconded by Vince; voted on and passed unanimously. (Res. 2015.06.G/06)

### **Fairways Sewer System**

Rudy made a motion that Authority Staff has proposed sewer rates for the Fairways Sewer System for the period of July 1 through December 31, 2015 that are the same as the First Year Sewer Rates submitted in the Map, Plan and Report, and has presented those proposed rates to the Authority Board for their consideration and the Authority Board has reviewed said budgets and rates as presented and determined them to be acceptable and resolved that the Fairways Sewer System budget and rates are hereby adopted and made effective on July 1, 2015. The motion was seconded by Vince; voted on and passed unanimously. (Res. 2015.06.H/07)

Tom said the Board and Staff have had discussion on the acquisition of the Fairways Sewer System over the last few months. Tom said this will empower us to continue using VRI Inc. as Operator for this system.

Rudy made a motion that the Executive Director or Deputy Director are authorized to execute a contract with VRI, Inc. for the operation of the Fairways Sewer System, at a monthly fee of two hundred and thirty-seven dollars and fifty cents (\$237.50), to commence on the day the Authority acquires the system and to run through December 31, 2015 and then be extendable through December 31, 2017, as therein provided. The motion was seconded by Larry voted on and passed unanimously. (Res. 2015.06.I/08)

### **Hyde Park Water and Sewer Acquisitions – Authorize Execution of Transfer Agreements**

Larry made a motion that the Authority Board hereby authorizes its Executive Director or Deputy Director to enter into an Agreement for Transfer with the Town of Hyde Park establishing the terms and conditions by which the Authority will accept ownership and operations of the aforementioned Water and Sewer Systems. The motion was seconded by Rudy; voted on and passed unanimously. (Res. 2015.06.J/09)

### **Approval of System Engineering Agreements**

Larry made a motion that the Authority staff has reviewed the relationships and performance of engineering firms providing engineering services for the systems

operated by the Authority and has recommended the listed firms be designated as the firms to provide services for the facilities noted:

Morris Associates: Fairways Sewer, Arbors Water, Greenbush Water, Violet Avenue Water and Quaker Hills Water

Tighe & Bond Engineering: Pinebrook Water and Sewer Systems, and Greenfields Water and Sewer Systems

The Authority Board has reviewed the recommendations and resolved that the Executive Director or Deputy Director are authorized to execute contracts for engineering services with the noted firms regarding the noted facilities within the parameters of the engineering procurement guidelines. The motion was seconded by Rudy; voted on and passed unanimously. (Res. 2015.06.K/10)

#### **Adoption of Budgets and Rates – Pinebrook Water and Sewer Systems**

Bridget said these are rates developed by the Authority as we went through the evaluation with the Town of Hyde Park. They were discussed at multiple meetings and publicized in reports, discussed at those public meetings and were included in the Map, Plan and Report. They have been fully, publicly disclosed.

Rudy made a motion that Authority Staff has proposed rates for the Pinebrook Water System and the Pinebrook Sewer System, for the period of July 1 through December 31, 2015 that are the same as the First Year Rates submitted in the Map, Plan and Report, and has presented those proposed rates to the Authority Board for their consideration and the Authority Board has reviewed said budgets and rates as presented and determined them to be acceptable and resolved that Pinebrook Water System budget and rates and the Pinebrook Sewer System budget and rates are hereby adopted and made effective on July 1, 2015. The motion was seconded by Larry; voted on and passed unanimously. (Res. 2015.06.L/11)

#### **Approval of Operations Contract for Pinebrook Water and Sewer Systems**

Rudy made a motion that the Authority's Board of Directors hereby authorizes the Executive Director or Deputy Director to execute an Operations Contract with VRI, Inc., for the operation of the Pinebrook Water System, at a monthly fee of one thousand and twenty dollars (\$1,020), to commence on the day the Authority acquires ownership of the Pinebrook Water System and to run through December 31, 2015; and then extendable through December 31, 2017, as therein provided; and further resolved that the Authority's Board of Directors hereby authorizes the Executive Director or Deputy Director to execute an Operations Contract with VRI, Inc., for the operation of the Pinebrook Sewer System, at a monthly fee of one thousand, five hundred and thirty dollars (\$1,530), to commence on the day the Authority acquires ownership of the Pinebrook Sewer System and to run through December 31, 2015; and then extendable through December 31, 2017, as therein provided. The motion was seconded by Vince; voted on and passed unanimously. (Res. 2015.06.M/12)

### **Hoffman Project Water and Sewer MOU's**

Tom said he would abstain on this issue and asked Vince to handle it. Vince said there was no resolution before the Board today, only discussion. Bridget said we initially presented this to the Board at the May meeting and there were questions on what the developers were proposing.

Bridget noted that the Hoffman Project is in the Town of Red Hook just outside the Village. They are looking at roughly 100 single family residences. The intent for water is they would construct an on-site distribution system and enter into an agreement with the Village of Red Hook to purchase water. Our Rokeby Water System is on the other side of the Village, adjacent to the Hoffman Project. We talked about possibly connecting Rokeby in to the Hoffman Project and eliminating the on-site wells. On the wastewater side the project sponsor would develop an on-site wastewater system.

The Town of Red Hook does not want to create Town Water and Sewer Districts to provide service to the area. They have asked that the Authority do so. We have been working with the Village, the Town and the project sponsor on these issues. The project sponsor proposed these Memorandums of Understanding (MOU's) for how the ownership of the water distribution system and the wastewater system would be handled going forward. They are very similar to MOU's that we have used on other projects with two very specific differences. They want to be paid for the water distribution system and the wastewater system. They want to do this not with a purchase but by means of a lease agreement.

Tom said he thinks the reason for that is because they are building it out in phases and they would normally do this under a transportation company but the Town of Red Hook doesn't want them to do a transportation company, they want the Authority to take it. This is the first time we have done anything like this. Tom noted that he will not be voting on this because he is the broker on the deal. Tom asked if, when we purchase this, if there would be an appraised amount. Bridget said the agreement includes an option to purchase at market value.

Tom raised the concern that when we have had these systems appraised he has never felt they are worth the appraised value. The homeowners are going to be responsible for operation and maintenance but that he is concerned at the end of the day what the purchase price will be. Rudy said the language in this piece of paper says market value and asked who would determine that. Bridget said the accepted methodology is reproduction cost new, less depreciation. There are no comps. You look what it would cost to build it today, at whatever time you are doing this, minus whatever depreciation has occurred in the system from the time it was built based on useful life of the various components of the system. Vince asked if what they do is an income approach. Bridget said not when you are transferring it to a public entity. Vince said it's just on assets. Bridget said it is reproduction cost new, less depreciation.

Peter said the one thing that happens here is this transfers the cost of developing the system from the developer to the actual property owner later on. This allows the developer to sell the lots cheaper and therefore induce more building. Larry said that

we then look like the bad guys. Tom said they do want to keep the thing as manageable as possible because at the end of the day they have got to sell these units. Rudy said people have to take responsibility. If they want to do projects then they need to take responsibility for them.

Tom said the problem they have is that they cannot do the project the way they wanted to. Bridget said the Town has not said they can't do a Transportation Corporation. The Town would do a Transportation Corporation with a three way agreement with the Authority, where the Water Authority essentially stands in the shoes of the Town in terms of the Town's responsibility under the Transportation Corporation Law. The developer would pay an escrow to us instead of the Town. We would review the plans and specs for the construction and we would do the inspection along with a licensed engineer.

Bridget said if there were ever a default, rather than the sewer system in particular going to the Town, the sewer system would go to the Authority. Any performance bonds and maintenance bonds that the developer would normally place to benefit the Town would go to the benefit of the Authority. That protects the Town from the issues they would be concerned about with a Transportation Corporation. They do not want to have to do the review the project of the water and sewer system and they do not want to take it if there is a default.

Bridget said the Public Service Commission establishes rates for private water companies. They will allow a private water company to recapture up to 100%, if they want, of the cost of doing the construction of the water system in the water rates. The only requirement that they place on developers is that the rate is fully disclosed to potential buyers at the time they purchase the property. It always gets left to the developer what portion of the cost of the infrastructure they want to collect through the sale price for the houses based on what they think the market will support versus what they want to put into the water rate. Bridget continued by saying rates for a private sewer company would be approved by the municipality.

Tom asked the board how they would feel about having the developer come in and make a presentation on this. Larry agreed. He said he knows it is very difficult now for these smaller transportation companies to get set up. Larry said it takes a long time and part of our mission is to get water and sewer to encourage economic development. Rudy and Vince were open to the meeting also. Tom said once you have the schedule have them ask Rich Rang in, he is the Project Engineer and can explain it.

Bridget said there are a number of issues that she feels we need to develop further. Tom said he thinks the object for our organization is to assist in keeping the progress going in Dutchess County. We have done new things that the Authority hasn't done before in the past and this might not be the last one of these type of agreements that we see so it would be good if everyone has a better understanding of it. We are not saying yes, we are not saying no, we are saying we need a little more information. Rudy said his concern is that we do a deal with this group, or any group in the future,

and then find out the market value has caused us to tell all these people that their water cost has greatly increased.

Bridget said one of the difficult components of this is the purchase of water through the Village of Red Hook. Both Authority Staff and Kirchoff, have been trying for about six months to get a meeting with the Village of Red Hook. They have also not been willing to meet to talk about what rates they would charge. This means we could be in a position based on what rate the Village is willing to set to sell the water to the project and then having to pass on a high rate to users. Our rate to the users would be the water rate the Village charges us, plus the lease payment to the project sponsors, plus what it costs us to operate the distribution system and administer the system. She said one concern she has is what that translates into for the cost per customer. Rudy told Tom his idea to have someone come in is a good one. Larry said we are willing to hear more.

**Public Comment**

There was no public comment

**Confirm Next Meeting Date**

Tom confirmed the next meeting date of July 15, 2015.

**Adjournment**

The meeting was adjourned at 4:08pm.

Respectfully submitted,



Jackie Burger  
Senior Typist

**Resolutions**

- |                   |   |
|-------------------|---|
| Res. 201.06.A/13  | Motion to approve minutes from the May 20, 2015 board meeting                                     |
| Res. 2015.06.B/01 | Motion to approve the warrant   |
| Res. 2015.06.C/02 | Motion to approve Continuing Disclosure Filing  |
| Res. 2015.06.D/03 | Motion to Rescind Authorization of Debt Issuance for the Fairview Pump Station                    |
| Res. 2015.06.E/04 | Motion to authorize CO#1 to the PWSO – CDWTL Pump Station Roof Repair                             |
| Res. 2015.06.F/05 | Motion to authorize Engineering Services Contract – SHW Treatment System Improvement Project      |
| Res. 2015.06.G/06 | Motion to authorize Execution of Assignment and Assumption Agreement – IBM Water Supply Agreement |
| Res. 2015.06.H/07 | Adoption of Budgets and Rates – Fairways Sewer  |

Res. 2015.06.I/08	Motion to approve Operations Contract – Fairways Sewer
Res. 2015.06.J/09	Motion to authorize Execution of Transfer Agreement - Hyde Park Water and Sewer Acquisitions
Res. 2015.06.K/10	Approval of 2015 Systems Engineering Agreements
Res. 2015.06.L/11	Adoption of Budgets and Rates – Pinebrook Water and Sewer
Res. 2015.06.M/12	Approval of Operations Contracts – Pinebrook Water and Sewer