

DUTCHESS COUNTY



**DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY
APPROVED - MINUTES OF JULY 22, 2015**

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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
Larry Knapp
Rudy Vavra

Staff Present

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

Board Members Absent

Vince DiMaso
Amanda Baxter-Dingee

Others Present

Don Sagliano – Legislative Liaison
Pete Marlow – Dutchess County Department of Health
Richard Rang – Kirchoff Companies
Albert Natoli – Kirchoff Companies

Meeting Open

Chairman Tom LeGrand opened the meeting at 3:30 pm.

Approval of Board Meeting Minutes

Tom asked for a motion to approve the minutes of June 17, 2015. Larry made a motion to approve the minutes as amended; seconded by Rudy; voted on and passed unanimously. (Res. 2015.07.A/01)

Chairman's Report

Tom said he has been working with Staff regarding Global Foundries this month. He then introduced Rich Rang and Al Natoli with Kirchoff Companies who would be providing a presentation for the Board on the Hoffman development project in Red Hook with the potential for the Authority to maintain the water and sewer systems for same.

Rich Rang with Kirchoff Companies then provided an overview of the project location on Old Farm Road in the Town of Red Hook. This is the Roger Hoffman property which includes the Hoffman barn sale and the farm area. In 2011 the Town adopted a new "TND" Zone. They are trying to implement their Centers and Green Spaces plan by fostering development in and around the existing developed areas in order to preserve more of the farmland areas. One of the ways in which they are doing so is through an incentive zoning program.

Kirchoff Companies are currently in contract with Roger Hoffman to purchase the property and have been processing applications with the Town Planning Board since 2012. Rich then provided an overview on the plans. Kirchoff Companies are proposing 102 lots. This means there are 33 incentive zoning units proposed at this time. Under the general conditions of the incentive zoning provision Kirchoff Companies will contribute about \$660,000 toward the preservation of open spaces. Tom noted that the Town of Red Hook is one of the first towns to create a development transfer program. Rich said this program has received tremendous support from the Dutchess County Planning Department.

Rich said at the time the Town adopted the new zoning they did not take into consideration public utilities or water and sewer in particular. The Village of Red Hook and Rokeby Water System have a water supply but the Town has not addressed how water and sewer infrastructure would be provided to the property and has left this to the developer. We originally spoke with Bridget about the public water supply at Rokeby and in the Village, and Kirchoff Companies being a conduit between the two with the understanding that Rokeby Water System has issues also. They felt this would be in everyone's best interest.

The project consists of cottages, town homes and single family homes. The cottages will all be under 1500 Square feet and a minimum of 20% of homes in the community have to meet that standard. The Town homes range about 1600 square feet. They are trying to create a community that appeals to all income and age demographics and create a more walkable community. Included in the project are park areas. Rich provided an overview of the sub-division plan showing all of the parcels. He said the presentation today is to discuss the Water MOU and the Sewer MOU would follow suit.

They are proposing that the project would be done in phases over a number of years. Rich continued by saying that there are eight phases of the project. The first phase will be around the Central Green and will involve running a water main from the Village into the area. Based on the health of the market they anticipate it will take about six years to get through all of the construction, water and wastewater infrastructure and sale of the homes.

They originally approached the Town about this project in anticipation of forming a Transportation Corporation and obtaining water from the Rokeby system and/or the Village system. Difficulties arose in negotiating an agreement between the Town and the Village. Kirchoff Companies then decided to go through the Village of Red Hook to provide water to this project.

Kirchoff Companies believes this project will be the conduit for water to be provided to the Rokeby system and perhaps negate some of the upgrades that would be necessary to the system. The initial intent was for Kirchoff to form a Transportation Corporation, and under that scenario anticipated having the ability to charge an assessment against the lots created to cover some capital improvement costs. The project, in total, at this point is about \$35 million. There are 102 lots; the margins in this project are very narrow and they are in need of a method to recover some of the capital already invested in the project. The possibility of the lease arrangement as identified in the MOU provides for that.

Tom asked that Rich explain how the lease agreement would work for the Authority. Rich said Kirchoff Companies will own the system and the MOU describes how the systems would be leased to the Authority as the operating entity that would control the operation maintenance. The intent is the lease payment is dependent upon the lots that can be serviced by it. Phase one consists of about ten lots to be serviced. They are not looking for a lease payment on the total cost off the infrastructure. This would be on a per lot basis. Rich said he discussed the cost with Bridget but nothing has been finalized. He gave the example that if each lot had a lease payment of \$200 per year, with ten lots in the first phase, would be \$2,000 annually.

Tom asked how this would work if after a number of years the Authority were to take the system over. Rich said that is outlined in the MOU. When the system is completed, if the development fell through or went bankrupt we would abandon the system to the Authority. In reference to the Authority acquiring the system in the future, we would determine what that system would be acquired for and anticipate whatever number we are leasing it to the Authority which would be consistent with what the user cost would be on a capital debt reduction situation. At this time Tom reiterated that he would abstain from any action on as this project as he is the broker of record for the real estate transaction on this.

Al Natoli then introduced himself and said the lease arrangement would assist in getting this project done within the small margins that exist. It is not possible to do a purchase upfront due to the phases of construction and he is aware that historically the Authority does not purchase systems that are under construction. The lease provides for an entity that is qualified to run the system. Tom said the Town of Red Hook would require that the Authority run the system. Rich said yes. The Town objected to Kirchoff Companies forming a Transportation Corporation and they did not want to form a district.

Tom asked Bridget if the Authority would be buying the water from a bulk meter. Bridget said yes, from the Village of Red Hook. Tom said each house would be individually metered and we would be buying bulk but selling it out on a metered basis. Bridget said yes. Tom asked if the Authority would operate the system during the construction period and Kirchoff Companies would maintain it. Rich said they anticipate that it would be maintained by the Authority. He added that as far as any costs associated with the operation and maintenance, we would agree on the amount assessed for each lot and the shortfall would be covered by Kirchoff Companies.

Al said under the lease the Authority will incur some operation and maintenance expenses and, to the extent that there are not enough houses to cover, expenses would be paid by Kirchoff Companies so that the Authority has no exposure on that side. Tom asked if there would be a formula to determine what the amount would be. Al said that is the conceptual arrangement but the details of the formula have not yet been worked out. As the lease goes on it may become economical for the Authority to choose to purchase the system.

Tom asked what would be covered by the original lease agreement. Al said they anticipate that there would be an option to purchase in the agreement. Tom said he has never been pleased with the valuations. Al suggested doing some kind of engineering evaluation on original cost less depreciation. Tom agreed and said the Board could not reach a determination on this at today's meeting as he would abstain which would make the board one member short for a quorum.

Bridget said the MOU indicates an option to purchase but does not address how the purchase price would be determined. Al said they would eliminate the valuation as they know what the construction cost is and will have an engineering estimate of depreciation. Discussion followed.

Tom asked if there were any questions. Larry asked if this would be structured so that the Authority would have very little exposure and the Authority would do the maintenance until the potential purchase. Al said yes, through the lease and through the process the Authority would run the system as if it was your own. He advised the Board that he has done one similar system with a lease involved that is now under construction. He added that he had looked at the Authority's enabling legislation and it specifically provides for this kind of lease.

Tom asked Rudy if he had any questions. Rudy commented that would like to see the construction specifics of the system before leasing the system. Larry agreed and said the board members would like to know how much review and oversight they would have as the Authority would eventually own the system. Al said these details have not been worked out in the lease but the Dutchess County Department of Health would oversee the system design and installation. Tom noted that because we operate multiple systems we have some standardization, such as valves and parts.

Bridget said the MOU used language from the Authority's boiler plate MOU that we have used on other projects, that we review plans and specs for the project or for construction starts. She added Kirchoff Companies would be required to hire a licensed engineer to do construction inspection. We have a right to go on site and do our own inspection. If we find anything to be faulty work based on the approved plans and specs we can require them to correct it. Tom asked if there were any further questions. Tom thanked Rich and Al for their presentation.

Operations Report

The Operations report was accepted as submitted. Rudy made a motion to authorize the Executive Director or Deputy Director to execute a contract with Soiltech, LLC for

the removal of approximately 600 tons of the waste Alum sludge, at \$49.00 per cubic yard, for a not to exceed value of \$29,400. The motion was seconded by Larry voted on and passed unanimously. (Res. 2015.07.B/02)

Finance Report – Approval of Warrant

Tom said the warrant was included in the package. Mary said an amendment to the warrant for an additional payment for the Utility Corridor was distributed at the meeting. Larry made a motion to approve the warrant as amended. The motion was seconded by Rudy; voted on and passed unanimously. (Res. 2015.07.C/03)

Systems and Capital Project Updates – Shore Haven Booster Pump Electrical Connection

Larry made a motion to authorize the Executive Director or Deputy Director to execute Change Order No.2 for the contract with Veith Enterprises, Inc. (a/k/a Veith Electric) of Poughkeepsie, NY reducing the total contract amount and establishing a final contract value of \$14,146 for the Shore Haven Water System – Booster Pump Station Electrical Connection Project Contract No. SHW-PWC-2015-P1. The motion was seconded by Rudy; voted on and passed unanimously. (Res. 2015.07.D/04)

CDWTL Pump Station Roof Maintenance Project

Rudy made a motion to authorize the Executive Director or Deputy Director to execute Change Order No.2 in the deduct amount of \$1,500 resulting in a contract amount decrease to \$25,175.57. The motion was seconded by Larry voted on and passed unanimously. (Res. 2015.07.E/05)

Quarterly Update of Capital Projects Master Schedule

Tom said the Quarterly Update would be discussed at the August meeting.

IBM Water Supply Agreement – Status of Assignment Agreement

Tom said there is no new information at this time regarding IBM and Global Foundries. This continues to be a work in progress. He and Bridget had a meeting with all parties involved the day before and will be meeting with them again tomorrow.

Community Projects – Hyde Park Water and Sewer Acquisitions/Adoption of Budgets and Rates for Arbors, Greenbush, Violet Avenue and Quaker Hills Water Systems

Bridget said we are not holding public hearings on the following water and sewer system acquisitions as staff held numerous public meetings and public hearings with the Town of Hyde Park, as well as the public hearing before the Legislature, as we went through the evaluation process and all rates we are proposing to adopt are the rates we conveyed to the public.

Rudy made a motion that the Authority Staff has proposed rates for the Arbors, Violet Avenue, Greenbush and Quaker Hills Water Systems, for the period of August 1 through December 31, 2015 that are the same as the First Year Rates submitted in the Map, Plan and Reports, 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; the Budgets and Rates for the Arbors, Violet Avenue, Greenbush and Quaker Hills Water Systems, as presented, are hereby adopted and made effective on August 1, 2015. The motion was seconded by Larry; voted on and passed unanimously. (Res. 2015.07.F/06)

Hyde Park Water/Sewer System Acquisition – Approval of Operations Contract for Quaker Hills Water System

Bridget said staff is proposing to continue using VRI as the system operators for Quaker Hills Water System.

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 Quaker Hills Water System, at a monthly fee of \$750.00, the initial term of said contract to commence on the day the Authority acquires ownership of the Quaker Hills Water System and to run through December 31, 2015; and then extendable through December 31, 2017, at the sole option of the Authority, and with an adjustment to rates in accordance with the Consumer Price Index but in no event greater than three percent (3%) for each year the contract is extended. The motion was seconded by Larry; voted on and passed unanimously. (Res. 2015.07.G/07)

Tom said the reason we have more success with contract operators than small local governments do is because we have Staff with the expertise to oversee the contractors' work. Doug agreed and said there is no doubt that it saves the Authority money for operations.

Authorization to Execute Electric Purchase Agreement for Hyde Park Water and Sewer Systems Assignment of Constellation Energy Resources, LLC Contract

Mary said there is a memo in the board package on the Electric purchase. This is an agreement the Town entered into in the beginning of 2015 to purchase electric at a fixed rate. With this contract it appeared it would be detrimental if we did not agree to move forward to acquire this contract for the Hyde Park customers as there is a clause for a penalty payment for early cancellation. In addition the contract rate appears to be consistent with the Hyde Park rates charged by Central Hudson. Tom asked if the Authority could cancel the contract if we chose to. Mary said yes but there is a cancellation penalty that allows Constellation Energy to recoup what they could have made if we had maintained the contract.

Tom voiced concern over this type of contract as in the past he had entered into a similar contract and when the contract expired the cost greatly increased. Mary said this contract expires in February of 2017 and as we approach the budget for 2017 we will assess whether or not to proceed with that contract. If we don't align with another Electric Company at the end of the contract we would have to go with the price the company dictates at that time. Tom suggested staff set a reminder for the contract expiration date to avoid any unnecessary increases.

Larry made a motion that the Board has been presented a copy of the contract between the Town of Hyde Park and Constellation Energy Resources, LLC; with the understanding

that if the contract presented to the Authority from Constellation Energy Resources, LLC is substantially the same as presented here, the Executive Director or Deputy Director is authorized to execute the agreement. The motion was seconded by Rudy; voted on and passed unanimously. (Res. 2015.07.H/08)

Authorization to Execute Assignment and Assumption Agreements for Water Supply Agreements for Arbors, Violet Avenue and Greenbush Water Systems

Tom said we have discussed acquiring these systems at several board meetings.

Larry made a motion that the Executive Director or Deputy Director is authorized to execute the Assignment Agreements and related documents as necessary to accept the terms and conditions of the Arbors Water Purchase Agreement and the Greenbush/Violet Avenue Water Purchase Agreement. The motion was seconded by Rudy; voted on and passed unanimously. (Res. 2015.07.I/09)

Authorization to Submit Grant Application to NY State Department of State

Bridget said the application for this grant is for the Hyde Park Systems. This was added to the resolution package and distributed at today's meeting. The initial evaluation of these systems and whether they should be turned over to the Authority was funded through a local government efficiency grant with New York State Department of State.

They have a second grant for implementation and the Authority could recoup through the grant legal costs associated with the transfer agreement, and the closing costs including title searches. Two of the systems, the Greenfields Water and Sewer Systems, need survey work to establish property boundaries and easements. That cost would be included in the grant. Essentially anything required to implement the transfer of ownership from the Town to the Authority would be included. Because we intend to incorporate these systems into the existing administrative and operational structure of the Authority we are looking at some investments in technology, primarily automated meter reading equipment, to make the process more efficient. The cost of these improvements will also be included in the grant application.

Rudy made a motion to Authorize the Executive Director or Deputy Director to submit, on behalf of the Authority, an application to the NYS Department of State Local Government Efficiency Grant Program to fund the transfer of the Water and Sewer Systems from the Town of Hyde Park to the DCWWA, and to further fund the implementation of AMR metering programs and similar technology improvements to the Systems to enable their more efficient operation and management by the DCWWA. The motion was seconded by Larry; voted on and passed unanimously. (Res. 2015.07.L/10)

Shore Haven Water System Status

Bridget said the most recent testing results for disinfection by-products, radiologicals and lead and copper are all within drinking water standards. Tom asked if the water was being pumped from the new well. Doug said not at this time. They are alternating wells to keep it fresh with about 50%-70% of the water coming from Well #3, the new well. Bridget advised the Board that there is not a significant difference between the water quality in the wells anymore.

Tom asked why that was the case. Bridget said the disinfection by-products levels are below standards due to the chloramine system. Radiologicals go up and down. They have always fluctuated right around the maximum contamination level and lead and copper has not been a big problem there. Doug said they thought the chloramines might affect the lead and copper levels but that has not been the case. Bridget said we have consistently been over the standard for iron and manganese. We are under on manganese and under on combined but over on iron.

Bridget said we received the revised plans and specs for the treatment building from Savin on July 17th. On the schedule we provided to the Board last month we are on track for submittal to the New York State Department of Health (NYSDOH). The County Department of Health will review it also. Weston and Sampson, the design engineer for the distribution system, has responded back to the NYSDOH from their initial review of the plans and specs. We have received the letter report responding to the concerns and are working on finalizing the plans and specs for the distribution work.

Vanderburgh Cove Sewer System Status

Tom said he and Bridget had discussion on a collection line at Vanderburgh Cove which is not within a right of way. Bridget said this involves about 40% of the collection main. Tom asked if we have to get an easement from the property owners to rectify this and they are resistant we can condemn an easement? Bridget said yes. Tom said the collection line is a critical component and asked for a list of property owners to determine which properties are involved. Bridget said we have generally had luck with getting easements for existing infrastructure already on the properties and advising that the owners that we need to be able to maintain it. Discussion followed.

Bridget said we have to take the report back to the Town of Rhinebeck. We intend to present it to them as draft in order to see the issues we have identified. Bridget said the biggest issue they have is continuing Inflow and Infiltration problems. Tom asked if they have a fund balance. Bridget said yes, about \$45,000 in fund balance and we normally like to keep about 15% for the operating budget. Tom asked about Operation and Maintenance expenses. Bridget said they are about \$60,000 and they also have a loan, with an annual debt service payment of \$16,000. We are estimating about \$205,000 in additional improvements needed. Tom said if possible he wants to do the borrowing once to complete the entire project. Discussion followed.

County Partnership for Manageable Growth – Water and Wastewater Facility Planning and Development Grants

Bridget said years ago this program was originally established primarily through the Planning Department. They have recently gone to the Legislature and amended the program. It is now the County Executive's intent to provide funding for water and wastewater infrastructure projects. The amendment approved by the Legislature modifies the criteria and they are looking at the Water and Wastewater Authority to be the entity that reviews applications for the projects. There is money for 50% of the cost of planning and money for construction at 25%. In order to obtain money for construction the end project has to be owned and operated by the Water and Wastewater Authority. We anticipate that when the program is activated we will be

getting applications to review. Our intent is we would review them at a staff level then bring the applications to the Board who in turn could make an official recommendation that would go to the County Executive. This was agreeable to the Board.

Stone Ridge Estates Water/Sewer

Bridget advised the Board that the Stone Ridge Estates Water and Sewer Systems originally came to us back in 2012. This is an 18 lot sub-division, proposed in the Town of Beekman but adjacent to the boundary with the Town of East Fishkill. They are proposing to obtain water and wastewater service from the Four Corners Water and Sewer Systems owned by the Town of East Fishkill. Town of Beekman does not want to be involved or establish a district. The Town of East Fishkill was concerned about selling water to individual owners or providing the sewer services through a Transportation Corporation without the backing of the districts so they could relevy unpaid charges.

At the time the Authority originally looked into this in 2012-2013 there was a preliminary wholesale water rate provided to us through the Town of East Fishkill as well as a wholesale sewer rate. Staff worked the numbers into what our Operating and Maintenance budget would be for the infrastructure within the subdivision and translated that to total cost to user of about \$1,500 annually for water and about \$1,800 annually for sewer. This was discussed at the February 2013 board meeting and the Board decided it wasn't in the Authority's best interest to become involved due to the high user costs.

Rich Olsen, with McCabe and Mack, on behalf of the new owner of the sub-division has come back to us again with the same request. In the interim they did establish a private water Transportation Corporation and a private sewer Transportation Corporation and entered into a purchase agreement with the Town of East Fishkill that sets the rate for the water and sewer at 125% of what customers of Four Corners are paying. The numbers are less than we originally looked at with the Town of East Fishkill wholesale rate. At this time the costs would be about \$1,300 annually for water and about \$1,500 annually for sewer. The Board consensus was to reaffirm the earlier decision not to get involved in this project.

Public Comment

Tom asked for any public comment. There were no comments.

Executive Session

At 4:18p.m. Tom asked for a motion to enter into Executive Session to discuss Litigation. The motion was made by Larry, seconded by Rudy; voted on and passed unanimously. (Res. 2015.07.J/11)

At 4:45p.m. Rudy made a motion to close Executive Session. The motion was seconded by Larry; voted on and passed unanimously. (Res. 2015.07.K/12)

Confirm Next Meeting Date

Tom confirmed the next meeting date of August 19, 2015.

Adjournment

The meeting was adjourned at 4:45p.m.

Respectfully submitted,



Jackie Burger
Senior Typist

Resolutions

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| Res. 2015.07.A/01 | Motion to approve minutes from the June 17, 2015 board meeting |
| Res. 2015.07.B/02 | Motion to award contract for sludge removal – Hyde Park Regional Water System |
| Res. 2015.07.C/03 | Motion to approve the warrant as amended |
| Res. 2015.07.D/04 | Motion to authorize CO #2 – Shore Haven Water Booster Pump Electrical Connection |
| Res. 2015.07.E/05 | Motion to authorize Execution of CO #2 – Contract No. PWSC-CDWTL-2015-01 |
| Res. 2015.07.F/06 | Motion to adopt budgets and rates for Arbors, Greenbush, Violet Avenue and Quaker Hills Water Systems |
| Res. 2015.07.G/07 | Motion to approve operations contract for Quaker Hills Water |
| Res. 2015.07.H/08 | Motion to authorize Execution of Electric Purchase Agreement for Hyde Park Water and Sewer Systems |
| Res. 2015.07.I/09 | Motion to authorize Execution of Assignment and Assumption Agreements for Water Supply Agreements for Arbors, Violet Avenue and Greenbush Water Systems |
| Res. 2015.07.J/11 | Motion to enter into Executive Session |
| Res. 2015.07.K/12 | Motion to close Executive Session |
| Res. 2015.07.L/10 | Motion to authorize submittal of Grant Application to NY State Department of State – Hyde Park Water and Sewer Acquisitions |