DUTCHESS COUNTY
WATER AND
WASTEWATER AUTHORITY

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

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

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

Staff

Bridget Barclay
Executive Director

Mary C. Morris
Deputy Director

DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY
APPROVED MINUTES OF MARCH 18, 2015

Board Members Present
Tom LeGrand
Vince DiMaso
Rudy Vavra

Staff Present
Bridget Barclay
Jackie Burger
Jonathan Churins
Peter Fadden
Mary Morris
Doug Odell

Board Member Absent
Larry Knapp
Amanda Baxter-Dingee

Ex-Officio Member
Eoin Wrafter – Acting Commissioner, Dutchess County Planning and Development

Others Present
Pete Marlow – Dutchess County Department of Health
Rich Perkins – Legislative Liaison
Peter Dowley – Staatsburg Watchdog Committee
Linda Hannigan – Sedore and Company, P.C.
Danielle Hostetter – Sedore and Company, P.C.

Meeting Open – Introductions
Tom LeGrand opened the meeting at 3:40 p.m.

Approval of Board Meeting Minutes
Tom requested a motion to approve the minutes of the February 18, 2015 board meeting as presented. The motion was made by Vince, seconded by Rudy; voted on and passed unanimously. (Res. 2015.03.A/01)

Chairman's Report
Tom said this month he met with Staff on coordinating rules and regulations governing daily flow for residential subdivisions with the Dutchess County Department of Health and also attended a meeting at the County Executive's Office a week ago regarding same. The goal is to bring design standards more into line with the actual usage. This would cut down on the footprint for sewage disposal systems and will be more cost effective for the developers, and will be a benefit to Dutchess County.

Operations Report
Tom asked if there were any questions on the Operations report included in the package. There were no questions.

Finance Report – Approval of Warrant
Tom asked Mary if there were any changes to the warrant. There were no changes. The Board had no questions. Vince made a motion to accept the warrant as presented. The motion was seconded by Rudy; voted on and passed unanimously.
(Res. 2015.03.B/02)

2014 Budget Close-out
Mary said the 2014 Budget Closeout was included in the package. This includes a printout of each system and reflects budgeted versus actual closeout numbers. These budget sheets also reflect the overall information for each system in terms of revenues and expenses.

There is one change to the Dalton Farms Sewer System. The print out shows the actual receivables were $294,817.87 indicating receivables coming in less than projected. Revised numbers now indicate that the actual receivables for 2014 were $302,666. The projected fund balance is still the correct number. There is a resolution before the Board asking the board to approve the budget closeouts.

Mary added that almost across the board we were lower on operating expenses in 2014 than we were in 2013 with the exception of the Shore Haven Water System and the Chelsea Cove Sewer System. Tom asked why. Mary said we had some significant repairs in the equipment repair and Maintenance lines in 2013, especially for the aging systems. In the 2014 budgets, those lines were kept at the level we needed and used in 2013, but didn't realize that level of expenses. Most of these systems have some type of listing or need on the five-year Capital Budget Plan. Any remaining funds will be applied toward ongoing Capital Projects including upgrading meters to the radio meter system if that is the most important priority for use of those funds at this time. Mary asked if there were any questions. There were no questions.

Rudy made a motion to approve the 2014 budget close-outs. The motion was seconded by Vince voted on and passed unanimously. (Res. 2015.03.C/03)

Review and Approval of 2014 Financial Statement
Mary said the financial statements are part of the Authority Budget Office (ABO)

package and they will be sent to the ABO accordingly. She then welcomed Linda Hannigan and Danielle Hostetter with Sedore and Company and advised the Board that along with Staff, they would present the financial statements. Mary indicated her appreciation that the Sedore staff are always professional and provide us with their questions and needs ahead of time so that our day to day operation is not impacted any more than is necessary in producing these documents.

Linda then distributed a brief overview of the financial statements and the results of their audit. She then thanked the Authority for continuing to choose them as auditors. She then reminded everyone that their purpose of the audit is to issue an opinion as to whether the financial statements are fairly stated in accordance with generally accepted accounting principles. As in the past, the Authority received an unmodified or clean opinion because their financial statements are fairly stated.

Linda said our audit is conducted not only under generally accepted auditing standards but also government standards. This means Sedore issues two reports. The second report is on internal control utilized by the clients. In the last several years we do not have any reportable findings, which speaks well to the Authority.

Danielle said she has been working with Mary for about five years and each year has become more efficient. As in the past, this year everything went smoothly and all of the information needed was provided in a timely manner.

Linda then moved on to the next section in the audit report "Management's Discussion and Analysis". This section is written by Authority management staff and is a thorough discussion of the results for the current year and a comparison between this year and last year in terms of operating results. Also included is a graphic regarding revenues and expenses for the year.

The Financial Statements themselves begin with the Statement of Net Position. This shows the balance sheet and the total out as well as deferred outflows at the end of the year amounting to $64,137,211. The Authority's net position, also known in government circles as fund balance, is $274,909 which is an increase from a deficit of $98,724 from the prior year.

Next is the Authority's business revenue and expenses and changes in net position and shows total revenues expenses, net change and increase to net position of $373,633. As Mary alluded to earlier there was a decrease in operating expenses, a slight increase in operating revenues and also an increase in non-operating revenues for an overall increase of about $200,000. Changes of note this year included the refunding of 2007 debt. Linda also noted that currently the Authority has $35 million outstanding in BAN's, bonds and accreted interest. The Authority is also required to record post-employee benefits which is an actuarially calculated liability that covers the entire health insurance health benefit due the retirees.

Linda then brought the Boards attention to the Footnotes advising them that they cover more detail of the accounting policies for the Authority and describe the debt and fixed assets. The end of the report shows the post-employment liability for the last three

years. Next year the Authority will be required to implement GASB 68. This means the Authorities share of the retirement liability will have to be reported on their financial statements. That will be calculated and given to the Authority by the Retirement System. This will be a significant reporting change for the Authority but will apply to all Government entities that participate in the New York State Retirement System.

Tom noted that in both cases the Authority's operating revenues increased from 2013 to 2014 by about $75,000 and the operating expenses were about $1 million above that. He asked if that was due to depreciation. Linda said yes, primarily, as the depreciation for 2013 was $1,265,000 and in 2014 $1,287,000. Tom asked why government organizations put depreciation down. Linda said in particular because the Authority is considered as operating like a business entity and have primarily fixed assets, mostly infrastructure which has to be replaced and the purpose of depreciation is to allocate the cost of that replacement over time. That is the theory in business, and since the Authority is considered a business, as we are providing a service to our water and sewer customers, the same type of allocation would be implemented. Linda continued by saying because of changes made in accounting standards some years ago, local municipalities, Towns and Villages, have to record their fixed assets and depreciate them also. Tom then thanked Linda and Danielle for the work involved and the presentation.

Mary said there is a resolution specifically for the Financial Statements. She advised the Board that she, Linda and Danielle have discussed some minor language changes. The changes will not affect the presentation of the Financials to the Board this date.

Rudy made a motion to approve the 2014 financial audit and authorizes the release of the 2014 Financial Statement. The motion was seconded by Vince; voted on and passed unanimously. (Res. 2015.03.D/04)

Review and Approval of Components of 2014 Authority Budget Office Annual Report

Mary said the Components of 2014 Authority Budget Office Annual Report include everything required by the Authority Budget Office and consists of four components. The Annual Report reviews our policies, our year end goals and accomplishments, what we have as real property through the year, our board members and staff, and a summary of our financials and our debt. The Procurement component requires that we enter data for any vendor we pay more than $5,000 to and explain what this was for and the parameters such as contract or purchase order. The Investment component is where we include the investment policy and attach the resolutions. The last component is the Financial Statement which was added to the package separately in order to focus on that piece alone. All of the above components are to be submitted to the PARIS website. Mary asked if there were any questions. There were no questions

Rudy made a motion to approve the report components of the 2014 Annual Report as presented and authorizes the Executive Director or Deputy Director to certify the Annual Report to the New York State Authority Budget Office. The motion was seconded by Vince; voted on and passed unanimously. (Res. 2015.03.E/05)

Staatsburg (Zone C) 2014 Service Agreement Revenue Notes and Bonds
Vince made a motion to approve the Bonding Resolution for the Staatsburg (Zone C) 2015 Service Agreement Revenue Notes. The motion was seconded by Rudy; voted on and passed unanimously. (Res. 2015.03.F/06)

System and Capital Projects – CCS WWTP Rehabilitation Project – Review of Value Engineering Report
Bridget said Morris Associates did the value engineering requested by the Board for the Chelsea Cove Sewer System Rehabilitation Project. Tom asked what the original engineers estimate was for this project. Bridget said about $2.7 million. When this went out to bid the estimate at 100% design was slightly over $3 million. This is for the overall project. This includes construction design, construction administration, project management, etc. Based on bids received we had a $4.3 million total project cost. With the value engineering we now have a total project cost estimate of about $3.86 million. Regarding the construction, we went from a construction cost estimate of $2.35 million at 100% design to $3.57 million based on the bids, and we are now looking at construction at about $3.14 million with the value engineering.

We are still above the original budget for the project. We will have to go back to the Environmental Facilities Corporation (EFC) to ask for an increase for the financing for the project as we are doing this through a low interest loan through EFC. We have discussed this with EFC and it will not a problem but there is a process we have to go through. Tom asked how much this would increase the cost to the homeowners. Bridget said she would obtain that information and provide it to the Board. She added that we had anticipated borrowing about $2 million through EFC and are now looking at having to borrow about $3 million. Tom noted the $52,000 increase for Morris Associates. Bridget said that is specifically for the new specs and detailed plans for the project the approvals and re-bidding and re-engineering this project. Any other pay items that we have not yet taken care of are supported under the Construction project.

Tom commented on the purchase of one used micro screen oil drum filter. Bridget said this was a very specific item. Peter said this particular filter was actually used in a pilot plan for a juice processing plant, to filter out the fibrous pieces from the juice and was only run for about 8-10 hours. It is owned by the distributor of the manufacturer and he will provide a full equivalent warranty. Bridget said this will probably involve separating out a purchase agreement where we would make that purchase separate and apart from the construction contracts. Tom was in agreement to do so.

Tom asked if this project increase would affect the customers. Bridget said we are bonding for the cost of improvements through EFC with a subsidized interest rate and the annual debt service is collected through the tax levy process so it will be a once a year tax on the properties. Tom asked about the annual increase. Discussion followed on the type of homes and location. Bridget added that this customer base has debt retiring this May. Their original 1995 debt was refinanced with EFC in 2005 and their last principle and interest payment will occur May 1st. Bridget said we did take the retirement of that debt into account.

Tom then asked for a time frame on this project. Peter said we are trying to get it out to bid and awarded by the end of November. The physical construction will be 2016. Tom asked it would dramatically affect things if we wait until next week to see what the cost to the customer might be. Bridget said to move forward at this point requires approving the amendment for Morris Associates to do the redesign work. If we put if off by a month we push the schedule back a month. Tom opted to move forward on the redesign. Bridget said she would e-mail the information on the financial impact to the customer to the Board.

Rudy made a motion to authorize the Executive Director or Deputy Director to execute Amendment No. 2 to the Professional Services Agreement with Morris Associates Engineering Consultants, PLLC for the Chelsea Cove System- Treatment Plant Rehabilitation Project Professional Services Agreement to incorporate the design revisions; regulatory approval and rebidding of the Project into the agreement. The motion was seconded by Vince; voted on and passed unanimously.
(Res. 2015.03.G/07)

Valley Dale Sewer WWTP Rehabilitation Project – Review of Cost Estimate & Value Engineering Report

Bridget said Emil Lienau looked at his estimate of the project cost in comparison to the engineers construction estimate and came back significantly higher number. He outlined a couple of items that he suggests might reduce project costs. The suggestions are not included in his estimates and staff would need to work to develop better numbers which may reduce some of the project cost. The bottom line is that we had a 100% number from the design engineer at about $955,000 and Emil's estimate was about $1.6 million.

Bridget advised the Board that Staff found that engineers get cost estimates from suppliers and the contractors are getting significantly different pricing from the suppliers. This happened with Chelsea Cove as a part of the evaluation by Morris Associates. To some extent it is a function of rehabilitating an existing facility. Discussion followed. Bridget said this does not require any action by the Board at the meeting today. The next step is Staff will meet with Larry Paggi, the design engineer, for review and ask him to look at cost savings for the project. The decision can then be made on whether or not we go forward. The difference between Chelsea Cove and Valley Dale is Chelsea Cove went out to bid and the bids came in higher than acceptable. With Valley Dale we stopped the project to have this evaluation done before we went any further.

Shore Haven Water System Improvement Project Status Report

Bridget said at this time the booster pump station is being delivered to Shore Haven. Dolphin is the equipment supplier and just recently notified us that the truck they are using to transport it was too large to get up the hill in to the site. We then had it off-loaded, stored separately and then delivered today by coordinating with NYSEG to temporarily detach the power line to gain the access needed.

Bridget said we continue to be below the drinking water standards with the exception of iron and manganese, which will not be resolved until the new treatment is on line. Last month we advised the Board that as a result of the proposed changes to the treatment system, primarily the elimination of MYEX to do with the disinfection by-products and the continuation of the chloramination system, the New York State Department of Health (NYSDOH) has advised us that they want a new basis of design report which Savin is working on and we should have it for our review this week, or the next, and we will then submit it to the NYSDOH. Once that is completed we will be provided with an updated cost estimate to fine tune the original estimates on the change is project cost. We have about 95% of design documents for the distribution system improvement from Weston and Sampson, we have been reviewing them in house, they will go back to Weston and Sampson this week and will then be sent out to the regulatory agencies.

Dutchess County Airport Water Main Project Status Report

Tom said the County is handling the Dutchess County Airport project and the Authority will be managing it. Bridget said yes, the County is funding the project. All of the contracts for design engineer, construction administration and construction contracts, are all going to be contracts with the County. The Authority will also have a contract with the County spelling out our responsibilities in managing the project for them. We will prepare the documents to solicit proposals for the engineering design. The County will be involved in the final selection of the engineer. Once the contract is in place the Authority will oversee the engineers work.

Bridget said the County has an architectural review committee which involves DPW, the County Attorney's office, County Executive's office and, she believes, the Budget Office also. Tom asked if the Authority would be reimbursed for their time. Bridget said yes. We have prepared a scope of services outlining what we see as the Authority's role and the County's role. They have reviewed that scope of services and have made minor comments and is now back to them and will be attached to a contract that the County Attorney's office will develop.

Bridget continued by saying we are in the process of finalizing our cost proposal to the County. The original budget for the project has always been included in our Capital Projects including the Authority's expenses for managing the projects. We are now the revisiting that number as our role will be changing. We are now not only interacting with the contractor and consultants but with the County as well. By the end of the week we will give the cost proposal back to the County. We will track our time and be compensated on an hourly basis and would include a percentage for administrative functions.

Community Project Updates – Hyde Park Water and Sewer System Acquisitions – Adoption of SEQR Determinations

Bridget said this involves the six water systems and the two sewer systems owned by the Town of Hyde Park that are in the process of turning over to the Authority. Tom inquired about the contract operators. Bridget said Hyde Park use VRI Environmental Services. Bridget said three of their water systems, Greenbush, Arbors and Violet Avenue, are essentially distribution systems that buy water from the Poughkeepsie

Joint Water Board and we are considering having our staff operate those. Some of the other systems will depend on our cost to operate them versus continuing with VRI. Pine brook water system is close, not a complicated system and in relatively good condition.

Rudy made a motion to approve the Hyde Park Water and Sewer System Acquisitions and Adoption of SEQR Determinations. The motion was seconded by Vince; voted on and passed unanimously. (Res. 2015.03.H/08)

Fairways Sewer System Acquisition

Tom noted one issue of who would own the land where the Fairways Sewer System is located. Bridget said staff worked with Jerry Comatos at VandeWater and VandeWater along with the homeowners association (HOA). All involved agreed that the homeowners association would hold the land and the Authority would have an easement for all of the areas where the existing treatment plants are located. That would give us access for operation maintenance repair improvements to that infrastructure. This piece of land makes up 95% or more of the open space within the community.

Bridget added that the SEQR documents consist of a short environmental assessment form and a negative declaration for each of the systems. There is one resolution covering the systems. Bridget clarified that the resolution is approving the SEQR findings for the SEQR actions. The HOA does not have any plans for this property but sometimes use it for casual recreation. They have always been concerned about maintaining appearance of the property and how the grounds are kept.

Doug advised the Board that if it were our property, there would be some insurance concerns if the residents continued to use it for recreational purposes. He said it would be easier for the Authority to have full access through the easement. This is not a high maintenance system and is the only subsurface discharge system that we have. We will have access to make any necessary changes.

Bridget said there is no way to expand this system and the easement is clear and also allows us to bond for future improvements. This is already before the legislature. Jonathan provided the Board with a map of the Fairways property for further clarification on how the system is laid out on the property. Discussion followed.

Rudy made a motion to approve the Fairways Sewer System Acquisition and Adoption of SEQR Determination. The motion was seconded by Vince; voted on and passed unanimously. (Res. 2015.03.I/09)

Public Comment

Tom asked for any public comment. Peter Dowley inquired about the impact of the bonding resolution in Staatsburg. Bridget said the Authority originally funded the project through a Bond Anticipation Note (BAN) and system fund balance. The BAN matures May 20th. We anticipate doing other bonding later in the year so the next resolution authorizes a renewal of the BAN so we can extend the maturity date and ideally roll the

long term borrowing into to other borrowing so they share in cost of issuance. Another advantage is the other project will be completely closed out and we will know the absolute dollar amount we will borrow. Tom inquired about the status of the budget for the Staatsburg project. Bridget said we are just under budget and the restoration work will be done in the spring. The original project cost was about $2,050,000 and at this point, we will come in between $2 million to $2,050,000. Peter added that we have about $50,000 surplus on the contract. Discussion followed.

Rich Perkins then thanked the Board and the Authority staff for the work they have done to date regarding the acquisition of the Hyde Park Water and Sewer systems and for the work they will do in the future.

Motion to adjourn
Tom asked for a motion to adjourn; Rudy made the motion: seconded by Vince and passed unanimously. (Res. 2015.03.J/10)

Confirm Next Meeting Date
At 4:50 p.m. Tom confirmed the next meeting date of April 15, 2015.

Respectfully submitted,

Jackie Burger

Jackie Burger
Senior Typist

Resolutions

Res. 2015.03.A/01	Motion to approve minutes from the February 18, 2015 board meeting
Res. 2015.03.B/02	Motion to approve the warrant, as presented
Res. 2015.03.C/03	Motion to approve 2014 Budget Closeout
Res. 2015.03.D/04	Motion to approve the 2014 Financial Statement
Res. 2015.03.E/05	Motion to approve components of the 2014 Authority Budget Office Annual Report
Res. 2015.03.F/06	Motion to approve Bonding Resolution – Staatsburg (Zone C) 2015 Service Agreement Revenue Notes
Res. 2015.03.G/07	Motion to authorize Amendment #2 to the Engineering Service Agreement – CCS WWTP Rehabilitation Project
Res. 2015.03.H/08	Motion to Adopt SEQR Determinations for Hyde Park Water and Sewer Systems
Res. 2015.03.I/09	Motion to Adopt SEQR Determination Fairways Sewer System Acquisition
Res. 2015.03.J/10	Motion to adjourn