

Northern Westchester Joint Water Works

NWJWW Board of Trustees Meeting – February 24, 2023

Convened at 9:08 A.M.

Adjourned at 9:48 A.M.

Present:

Jeffrey Scott, Chairperson	Matthew Geho, Operations Director
Robert Scorrano, Vice Chairperson	Catherine Paget, Business Director
Thomas Diana, Treasurer	Tom Wood, Esq., Attorney
Richard Becker, Trustee, absent	Donna Albanese, Recording Sec’y

A motion was made by Trustee Scorrano to adopt the January 6, 2023 minutes. Motion was seconded by Trustee Diana. Motion approved 3-0.

Request from former NWJWW Trustees Dalton and Pesik to rename the Catskill Water Treatment Plant Building the Raymond A. Reber Building

Mrs. Paget stated that on January 25, 2023 there was a request from former Trustees Pesik and Dalton for consideration to honor Mr. Raymond Reber’s 50 plus years of service to the Montrose Improvement District as well as his integral involvement in the creation of the Joint Water Works from its inception through its construction. They would like us to consider naming the entire Catskill complex after Mr. Reber. Trustee Scott mentioned that the Pump House was already named after Mr. Reber which was a living tribute to him prior to his inopportune passing. Trustee Scott mentioned that through an email Trustee Becker was in favor of this. The Trustees are all in favor by approbation.

Mrs. Paget stated that we can do what we previously did - the Board would authorize us to get quotes to name this building after Mr. Reber We could reach out to the previous vendor for a quote.

A motion was made by Trustee Diana to proceed with the plan to name the NWJWW complex in Mr. Raymond Reber’s name and Mrs. Paget will get a quote. Motion seconded by Trustee Scott. Motion approved 3-0.

Review and request approval of 2022 Year End Reconciliation Billing

Mrs. Paget provided summaries of 2022 expenses and revenue. She mentioned there are items and services which are not covered through the water rate, the Administrative Fee, the Water Billing Fee and the Distribution Department Fee. There is no opportunity to create a fund balance with those fees because they are expenditure driven revenues. We spend the money and the entities pay us back with no markup.

The Administrative Fee is basically the office running the Joint Water Works as an independent unit. The Water Billing fee is for members that receive that service. We do the residential and related water billing on their behalf. The Distribution Fee is general support of Joint Water works transmission lines. There is direct service to the Montrose Improvement District, and mutual

assistance and water sampling for the Town of Cortlandt. The Distribution and Administrative fees are paid to the Water Works based upon the percent of water sales in that year.

Of all the volumes in 2022 Montrose was 10% of water sales, Cortlandt was 45%, Yorktown was 41% and Somers was 4%. The Administrative expenses are then allocated based upon that percentage and the dollar values you see are related to the entity based on that percentage. Support of Transmission Operations is the amount of time the employees in the Distribution department allocate resources to support Joint Water Works operations. The direct outside Distribution service has Montrose with a large number because Water Works employees solely serve their system. We pull that out of the expense of the department and it gets all billed back to the Montrose Improvement District. Mrs. Paget stated that our employees go out and do water sampling for the Town of Cortlandt.

Direct Contractual costs is something we may have purchased on behalf of the member whether they could not get it or it was better to go through us. This gets billed back to that specific entity and we arrive at what they owe. Between all the categories, we spent \$1.3 million in services.

The Central Garage and Distribution expenses includes any services that may have been incurred by a particular member including salaries, equipment, equipment maintenance, contractual and employee benefits. We still have a position called the Meter Reader Repair that is vacant and has been in the budget. The purpose of that position is to assist members that need reading services or meter repairing services. It was discussed and made part of the 2020 budget in 2019. It remains vacant because the members that would most likely use that service have not come to an agreement yet as to whether they want to fund it by us having an employee here that would be mainly paid for. It remains in the budget but it is an expenditure driven revenue. If we do not spend the money we do not bill you back for it.

In the Administrative expenses, in total we budgeted \$705,304 and spent \$750,672. The salary overage is mainly attributable to contractual settlement salary overages, and one of the Director's had a contractual buyout. In equipment maintenance, we exceeded forecast because we had to do projects which would allow for better cyber security yet this was not in the budget. The endpoint protection is part of that in the contractual line.

Trustee Diana asked that on our cyber security did we get an increase in our insurance and Mrs., Paget said that we had about a 40% increase and that is even with taking all the precautions we did.

On Water Billing expenses, we budgeted for \$440,573 and spent \$393,331. The budget variance is mainly attributable to employee benefits. We hired 2 new employees and only one worked for part of the year so we had some offset with that in the employee benefits line. Some of the contractual items had to do with not spending maintenance costs on the folding machine as we were entering into contract with the outsourced printing and mailing vendor.

We allocate the Water Billing costs based on the number of accounts that are being served by the employees in that department.. The Montrose Improvement District pays about 4% of that cost, Cortlandt pays 42% and Yorktown pays 53%. They all add up to the fee due in the black box on the spreadsheet.

For the 2022 year, we budgeted \$1,762,779 as what we expected expenses to be in these categories. The budget came in at \$1,689,572 and the overall budget variance is \$73,227.

For 2022, the total expenses for water treatment are \$8,702,650. Of that electricity was the highest. We budgeted \$748,371 and we came in at \$908,532. There was opportunity over the year to reduce contractual expenses and favorable variance of \$126,052 is the result. Employee benefits were budgeted at \$873,929 and we came in at \$761,462 with a positive variance of \$112,467. New employees are enrolled in the Excelsior Plan not the Empire Plan. The Excelsior

Plan has a more advantageous rate structure. Employees on the Excelsior Plan pay a higher contribution percentage than more senior employees do. Additionally, when we developed the 2022 budget, we developed it with the same increase in percent in medical cost that we actually experienced in 2023, but that increase was offset by the coverage changes.

In terms of water revenue, offsetting those expenditures, our water sales came in at \$8,851,426. Cortlandt exceeded budget forecast by \$342,026 and there were several excess consumption billings from New York City that were passed on to them. Montrose was below budget expectation by \$413,214. Somers and Yorktown were on target for what was forecasted.

Also offsetting water purchase and water treatment is the electrical surcharge revenue. There is a formula adopted by the Board a few years back that historically allows for passing through about 55% of the total electricity fee in electrical surcharge revenue. We brought in 52% of expense this year. The two revenues combined brought in \$9,324,889 which is \$622,239 more than the treatment expense. We landed in a favorable position.

For the 2023 budget we did not do any pass through of rate increase. We planned the budget with a deficit of about \$260,000 and the 2022 surplus will help offset that deficit. This will help protect against that and any other foreseen economic factors that continue to affect everybody's budgets.

Regarding capital, the excess revenue for capital we budgeted is the 20 cents per thousand which is based on consumption. This brought in \$465,740 and the 30% excess surcharge is a fee that the Board adopted in 2018. This gets tacked on to any member who experiences an increase in per capita from New York City. We pass that charge on and put 30% on top of it. The original purpose of that fee was to help fund the transmission line repair because it was a needed expense at the time. Overall, we brought in \$519,620 in capital revenue and we spent \$344,284 on the projects listed. Mrs. Paget believes all projects are done on the capital list except for the security improvements and the DAF pump replacement. There was a net activity surplus of \$175,336.

Mr. Geho said that the \$175,336 would have been spent had the Health Department given us the approval for the Yorktown # 0 pump and motor at the Catskill Plant. The DAF project is in the works and we are about to spend the money once we get the approval.

A motion was made by Trustee Diana to approve the 2022 year end reconciliation billing. Motion seconded by Trustee Scorrano. Motion approved 3-0.

Review results and request award of Bid# 2023.1 Amawalk High Lift Pump #3 Upgrade

Mr. Geho said that this bid is for the 300-horsepower motor at the Amawalk Water Treatment Plant. We had 4 bidders submit bids. Unfortunately, the lowest bidder Timken Motor and Crane Services dba Schulz Electric wanted to negotiate the terms of the agreement after the contract was signed and wanted to add 2 pages of terms and conditions to our bid which we discussed with them was not acceptable. We discussed with legal that we would throw that bid out and then go to the second lowest bidder, Eventus Construction. They have done a number of projects with us. The project is about \$6,900 more than we budgeted for. Mr. Geho would like the bid to go to Eventus Construction who has the motor available and to get this project completed before peak production in May. The project will take a few days once started and should be completed by April.

A motion was made by Trustee Scorrano to award the second lowest bidder, Eventus Construction, Bid #2023.1, Amawalk High Lift Pump #3 in the amount of \$56,900. This project needs to be completed before peak production in May. Motion seconded by Trustee Diana. Motion approved 3-0.

Review results and request award of Bid# 2023.2 Catskill Variable Frequency Drive Replacements

Mr. Geho mentioned that in August 2022 we awarded a bid to Benfield Electric which was the lowest bidder for 2 VFD's for the clearwell pumps. These are the last 2 VFD's which were the original VFD's from the construction of the plant-23 years ago. We want to get them replaced before they fail. He is asking the Board to approve Benfield Electrical Supply in the amount of \$32,950 be awarded the bid for 2 new VFD's for our DAF systems which will bring us up to speed with all of our VFD's. On the capital list, we assumed it would cost about \$30,000 but it is slightly more than anticipated. Given the industry today, we are seeing increases in prices.

A motion was made by Trustee Scorrano to award Benfield Electric Supply Bid# 2023.2 Catskill Variable Frequency Drive in the amount of \$32,950. Motion seconded by Trustee Diana. Motion approved 3-0.

Request approval for Business Director to attend NYS GFOA Conference held March 29-31, 2023

Mrs. Paget mentioned that the NYS GFOA conference is held in Albany from March 29 through March 31st. The cost of the conference including lodging should not exceed \$600. She feels it is educational and good networking experience.

A motion was made by Trustee Diana to approve the Business Director to attend the NYS GFOA conference held in Albany, NY from March 29-31, 2023. Motion seconded by Trustee Scorrano. Motion approved 3-0.

Request for approval for Operations Director and the Chief Operator to attend annual NY Section AWWA conference April 12-14, 2023

Mr. Geho mentioned that the NY Section AWWA conference is the annual conference of the water industry. It is a good time to get both he and the Chief Operator credits for their license renewal. The cost is about \$2,000 for both of them and it is in the budget. It is a great way to network and look at the great exhibitions regarding new technology. Mr. Geho mentioned that he did not attend last year.

A motion was made by Trustee Scott to approve the Operations Director and the Chief Operator to attend the annual NY Section AWWA conference from April 12-14, 2023. Motion seconded by Trustee Diana. Motion approved 3-0.

Mr. Geho mentioned that the Westchester Water Works Conference reached out to him and asked him if he would be willing to give a class to the local water conference. He wanted to make sure the Board was fine with it. The Board awarded Mr. Geho three days a year to give the New York Section lab course which is outside of this facility. This would be an additional day to go to the Peekskill Steamfitters location or some other location in Westchester County. It would be more for Westchester County Water Operators and their ability to help them get their license renewed. Trustee Scott asked if we provide that service pro bono and Mr. Geho said yes. He has not participated with the Westchester Water Works conference because Mr. Raymond Reber did that. Operators can get their credits locally so it would be a good idea.

A motion was made by Trustee Scott to approve Mr. Geho to give a class for the Westchester Water Works Conference so that water operators can receive credits locally to get their license renewed. It will be one day located in Westchester County, NY Motion seconded by Trustee Diana. Motion approved 3-0.

Request acceptance of retirement of Richard Barton, Assistant Chief Operator, effective March 17, 2023

Mrs. Paget mentioned that the NYS Retirement System has issued a formal letter acknowledging the retirement of Mr. Richard Barton effective March 17, 2023. Mr. Geho mentioned that Mr.

Barton has been with the Joint Water Works going on 18 years. He has been an asset to the organization and will be greatly missed.

A motion was made by Trustee Diana to accept the retirement of Mr. Richard Barton, Assistant Chief Operator effective March 17, 2023. Motion seconded by Trustee Scorrano. Motion approved 3-0.

Due to Trustee Diana having to leave the Board meeting, there was not a quorum for an Executive Session topics.

Operations Director's Report

Request to fund outsourcing of laboratory audit function

Mr., Geho mentioned that he reported during the 4th quarter 2022 that we our lab assessment which is a bi-annual assessment for the lab. One of the faults is that we had not performed our internal audit. Mr. Geho reviewed his audit and there is a new regulation that is going to hit the NELAC (National Environmental Laboratory Accreditation Conference) plus new rules. He mentioned that he found a third-party to come in and do an audit of our lab which has never been done. The cost is \$3,000 and would provide us an internal audit template to use in the future and bring us into compliance with the new 2016 NELAC rules and regulations. This will help us bring our lab into compliance with new regulations moving forward.

Trustee Scott asked if we were fined and Mr. Geho said no it was just a deficiency. He made a corrective action report, sent it to them and is awaiting a response. Since we do not have a Lab Director due to retirement, Mr. Geho feels it could help us. Mr. Geho assumed the lab responsibility, has to audit himself and write a management review on the audit that he performed on himself. Trustee Scorrano said that could be a conflict of interest because he is auditing himself every year going forward. Is it something Mr. Geho feels that should be done by a third party every year. Mr. Geho said that we would do this about every 3 years. It would provide a checklist he can use to audit himself in the future. For \$3,000 a year it may be worth it and Mr. Geho agrees and has no opposition to that request. If it works out well, we can put the cost in the budget going forward. Trustee Diana feels that it is cleaner to have a third party come in and audit the lab every year.

A motion was made by Trustee Scorrano to outsource the laboratory audit function at the Joint Water Works, see how it goes and moving forward put the cost into the budget. Motion seconded by Trustee Diana. Motion approved 3-0.

Mrs. Paget mentioned that the DE Plant is part of the capital plan to be demolished later this year. It has developed a roof leak which has gotten worse and our records are being stored there. We were going to get prices and move the records to a storage unit at the time of demolition but it cannot wait any longer. Ms. Albanese called Cortlandt Self Storage because they are in close proximity and we already have records there from 74 Locust Avenue. This would put all of our records in one place and close proximity for us to use. The cost would be \$3,900 for the year to rent a storage unit which would allow us to move the records from the compromised position they are in into a cement building which is climate controlled. Cortlandt Self Storage will also move the boxes for us from the DE Plant to their storage area.

Mr. Geho said that the DE building will be torn down but he is working with Con Ed and the DEP to move the power. The repair of the leak would cost more than \$3,900. Mrs. Paget said that there are water billing records for the members, Montrose Improvement District's administrative and other related records as well. It is a shared expense for everybody.

A motion was made by Trustee Scorrano approving Mrs. Paget to use Cortlandt Self Storage at a cost of \$3,900 for the year to store billing records for the members, Montrose Improvement District administrative records and other related records. Cortlandt Self Storage will have movers to move the boxes from the DE

Plant building to their storage site. Motion seconded by Trustee Diana. Motion approved 3-0.

A motion was made by Trustee Scott at 9:48 A.M. to adjourn the meeting. Motion seconded by Trustee Diana. Motion approved 3-0.

Resolution # 2023-25

A motion was made by Trustee Scorrano to adopt the January 6, 2023 minutes. Motion was seconded by Trustee Diana. Motion approved 3-0.

Resolution # 2023-26

A motion was made by Trustee Diana to proceed with the plan to name the NWJWW complex in Mr. Raymond Reber's name and Mrs. Paget will get a quote. Motion seconded by Trustee Scott. Motion approved 3-0.

Resolution # 2023-27

A motion was made by Trustee Diana to approve the 2022 year end reconciliation billing. Motion seconded by Trustee Scorrano. Motion approved 3-0.

Resolution # 2023-28

A motion was made by Trustee Scorrano to award the second lowest bidder, Eventus Construction, Bid #2023.1, Amawalk High Lift Pump #3 in the amount of \$56,900. This project needs to be completed before peak production in May. Motion seconded by Trustee Diana. Motion approved 3-0.

Resolution # 2023-29

A motion was made by Trustee Scorrano to award Benfield Electric Supply Bid# 2023.2 Catskill Variable Frequency Drive in the amount of \$32,950. Motion seconded by Trustee Diana. Motion approved 3-0.

Resolution # 2023-30

A motion was made by Trustee Diana to approve the Business Director to attend the NYS GFOA conference held in Albany, NY from March 29-31, 2023. Motion seconded by Trustee Scorrano. Motion approved 3-0.

Resolution # 2023-31

A motion was made by Trustee Scott to approve the Operations Director and the Chief Operator to attend the annual NY Section AWWA conference from April 12-14,2023. Motion seconded by Trustee Diana. Motion approved 3-0.

Resolution # 2023-32

A motion was made by Trustee Scott to approve Mr. Geho to give a class for the Westchester Water Works Conference so that water operators can receive credits locally to get their license renewed. It will be one day locating in Westchester County, NY Motion seconded by Trustee Diana. Motion approved 3-0.

Resolution # 2023-33

A motion was made by Trustee Diana to accept the retirement of Mr. Richard Barton, Assistant Chief Operator effective March 17, 2023. Motion seconded by Trustee Scorrano. Motion approved 3-0.

Resolution # 2023-34

A motion was made by Trustee Scorrano to outsource the laboratory audit function at the Joint Water Works, see how it goes and moving forward put the cost into the budget. Motion seconded by Trustee Diana. Motion approved 3-0.

Resolution # 2023-35

A motion was made by Trustee Scorrano approving Mrs. Paget to use Cortlandt Self Storage at a cost of \$3,900 for the year to store billing records for the members, Montrose Improvement District administrative records and other related records. Cortland Self Storage will have movers to move the boxes from the DE Plant building to their storage site. Motion seconded by Trustee Diana. Motion approved 3-0.