

Northern Westchester Joint Water Works
NWJWW Board of Trustees Meeting – February 16, 2024

Raymond A. Reber Catskill Water Treatment Facility
2065 East Main Street, Cortlandt Manor, NY

Convened at 10:01 A.M.

Adjourned at 11:09 A.M.

Present:

Robert Scorrano, Chairperson	Matthew Geho, Operations Director
Ed Lachterman, Vice Chairperson	Catherine Paget, Business Director
Richard Becker, Treasurer, left at 10:40 A.M.	Michael Cunningham, Attorney
Charles Peterson, Trustee	Donna Albanese, Recording Sec’y

A motion was made by Trustee Peterson to adopt the January 12, 2024 minutes. Motion was seconded by Trustee Lachterman. Motion approved 4-0.

Review and request approval of 2023 Year End Reconciliation Billing

Mrs. Paget reviewed the water treatment expenses along with the Administrative costs, the Billing costs and the Distribution fees, all of which are not part of the water rate. The expenditures to treat water totaled \$8,561,221. Revenues which are the water sales and the electrical surcharges which are passed on to the members came in at \$8,676,353. This left an operating surplus of \$115,132. Water sales and electrical surcharges are the main two revenues which offset the cost of water treatment and this is how we pay for what is needed. When we look at the water purchase expenses, in dollars what we spent in 2022 is nearly identical to 2023.

New York City raised their rate 6.73% in July 2023. Our water production volume is down by 5% which means for less volume you are paying more money for it. Other items affecting the water treatment expenditure budget is electricity. In 2022 we spent \$908,532. We have for the last few budget cycles budgeted \$870,182. For 2023 we did not come anywhere near that which is in part because of how the New York Power Authority trues up the ECA credits. Sometimes they give us a credit for cost adjustments they had to make from 6 months ago in a future period. On a regular basis it is difficult to predict. Given the way the market is now with increases in costs, we have already been notified that for 2024 our cost of service will increase about 13%. Mrs. Paget feels that operational planning plays a part depending on which plant is online and supplying at any given time. This will always have an impact because the Amawalk Water Treatment Plant is on NYSEG and Catskill is on NYPA so there are two different rate structures.

In 2022 we had a salary increase due to settling the Union contract. Sometimes we did not need as much overtime as we needed in 2022 to cover shifts. There was a delay in promoting

some of the operators who would have been in a 1A status from 11A status. This impacted the budget later in 2023 because of the timing of when the Health Department conducted the interviews.

Overall, we had budgeted \$9,356,313 for water treatment expenditures and we spent \$8,561,221 which gave us a budget surplus of \$795,092.

With the members water sales overall, we had budgeted \$8,732,627 and took in \$8,336,222 leaving a deficit of \$396,405. There are variances for the Town of Yorktown, Town of Cortlandt and the Montrose Improvement District from what was budgeted. We did not budget water supply to the City of Peekskill. Since we have an agreement with them, we brought in \$136,609 for supplying the Peekskill so it adds to water revenues coming in. Regarding electrical surcharges, based on what our budget was, we expected to bring in \$435,092 and we brought in \$340,132. This was a lower expense and less to pass on to the members. About 55% of our costs are passed through to the members as a surcharge for pumpage and the ratio this year was 53%.

Mrs. Paget said that overall, our expenditures were under \$1,204,120. Our overall revenues were under \$791,043 leaving a variance of \$413,077 surplus. In addition to \$115,132 in water treatment, Mrs. Paget reported that we had \$250,672 in interest earnings from banking because of the favorable market. She had the opportunity to invest in certificate of deposits which she renewed. We have the rental of 82 Locust Avenue which brings in \$ 25,776 per year and in other miscellaneous revenues we brought in \$21,496. The total of all of this adds up to a surplus of \$413,077. Additional surplus was not generated from the Administrative, Billing and Distribution departments because there is no markup on that.

When we planned the 2023 budget, we estimated we were going to use \$267,000 of fund balance but with the interest earnings we just washed that out. For 2023 and 2024 we did not fully fund what we thought would be a deficit for water treatment. If the market stays the same, we will continue to generate that and offset the use of fund balance. Currently, it is too early in the year to know.

The budget for 2024 did not include any union negotiated increases which was just approved and will be part of the budget. Also affecting the budget this year is the residuals removal every three years from the lagoons at the Amawalk Plant and the cost is between \$225,000 to \$275,000 depending upon the volumes and what the market costs are to truck them away which is usually paid out of the 20 cents per thousand, we do not put this on the capital plan because it is not really a capital item. We use that 20 cents per thousand not only for capital but for items that happen periodically which is not an operating cost in the budget but comes from fund balance.

For Administrative and Distribution fees whatever is spent on those items gets billed back to the members with no markup. The methodology that goes with how they are paid is their percent of water purchased over the cost of the year. For 2023 the Montrose Improvement District was 11%, the Town of Cortlandt was 42%, the Town of Yorktown was 43% and the Town of Somers was 4% of water sales. We take those costs for the Administrative budget and the general support of water works functions and bill it out in accordance with those

percentages. Direct outside Distribution services means that that particular member bears the cost of what their needs were. Regarding Montrose, we manage the whole system. The employees and any tools or supplies used to manage their system is in the direct outside Distribution. The direct outside Distribution service and the direct contractual expenditures are reflected for Montrose. For the Town of Cortlandt, we have an employee who goes out and collects their samples for coliform so that is being reflected in the employee's cost. The direct contractual expenses include other items that work in conjunction with our system. Regarding \$12,661 for the Town of Yorktown that is money spent on fluoride which includes the Verizon service from a communications standpoint. Mr. Geho mentioned that this is also for Yorktown's annual compliance sampling which is sent out to our outside lab.

Those two departments bring to a total cost of \$1,304,545 billed out to the percentages previously mentioned. The allocation of the billing cost is billed out as a percentage of account served. The year-end fees are as follows: Montrose Improvement District pays \$290,151, the Town of Cortlandt \$681,499, the Town of Yorktown \$ 734,492 and the Town of Somers \$44,948 which totals \$1,751,090. Mrs. Paget showed what was actually billed out and what was budgeted and compared it to 2022. If we do not spend it, we do not bill it so we have a variance of \$180,102. In 2022, our actual spending was \$1,689,572 versus 2023 \$1,751,090.

Trustee Becker asked what the total fund balance was and Mrs. Paget stated that the unrestricted was \$10 million at the end of 2022 and of that, by charter of the Unconsolidated Laws of the Joint Water Works requires 25% to always be available. It is very healthy and the Board has planned well. Trustee Scorrano asked if it is enough to cover any PFOS remediation we have to do and Mr. Geho said yes, a big chunk of it. We have to evaluate on how the lawsuit goes with Dupont and 3M and if there are any monies from that.

A motion was made by Trustee Becker to authorize the 2023 budget reconciliation and allowing the Business Director to bill the members accordingly. A motion was seconded by Trustee Lachterman. Motion approved 4-0.

Request to add Amawalk Air Scour Blower Replacement Project to approved Capital Projects for 2024

Mr. Geho mentioned that the Air Scour Blower replacement project did not make it to the list at last month's Board meeting for approval but it is on the original adopted capital plan list. We had budgeted \$15,000 with the project coming in at \$13,000. Mrs. Paget stated that it is formalizing the project and acknowledging that we are paying for it out of the twenty cents per thousand.

A motion was made by Trustee Becker to authorize the Amawalk Air Scour Blower Replacement capital project with a spending authorization of \$15,000 with the source of funding to be the NWJWW twenty cents per thousand-gallon rate structure. A motion was seconded by Trustee Peterson. Motion approved 4-0.

Request approval of and authorization for Chairperson to execute Inter-Municipal Agreement with Town of Yorktown for Fluoride Facility Services

Mr. Cunningham said this should bring to conclusion the decades long project regarding

fluoride which Trustee Lachterman brought to a close. Both he and Mr. Geho worked with Mr. Adam Rodriguez, the Town of Yorktown's attorney and Mr. Dan Ciarcia the Town of Yorktown's engineer to define the language which delineates who is responsible for what. Mr. Geho said they will move forward and communicate with Mr. Dan Ciarcia.

A motion was made by Trustee Lachterman to authorize the Chairman to execute the Intermunicipal Agreement with the Town of Yorktown for fluoride services. The attorneys and technical staff for the Town of Yorktown and the NWJWW have agreed upon the terms. A motion was seconded by Trustee Becker. Motion approved 4-0.

Mr. Geho said when Amawalk is the sole supplier for the NWJWW water supply, the fluoridation process will be shut down and that the Health Department is aware of this. The Fluoridation Plant located on Catherine Street is for when the water goes from the west to the east. When the water goes from the east to the west, it will no longer be used because that is for the Town of Cortlandt and the Montrose Improvement District being supplied and they are not being fluoridated.

Request approval of and authorization for Chairperson to execute Property Transfer Agreement with Town of Yorktown for specific transmission mains

Mr. Cunningham said that this is a multiyear project and it will help show who owns the water transmission mains. It shows what is owned by the Joint Water Works and it is clear which mains are owned by the Town of Yorktown to help prevent any confusion in the future.

A motion was made by Trustee Lachterman to authorize the Chairman to execute the Property Transfer Agreement with the Town of Yorktown to effectuate a transfer of water transmission mains to the Joint Water Works. A motion was seconded by Trustee Becker. Motion approved 4-0.

Request approval of and authorization for Chairperson to execute agreement with Woodard and Curran for engineering services for Amawalk 1 MG Tank Painting Project

Mr. Geho mentioned that we had discussed with the Board regarding a tank which needs to be serviced, maintained and painted. Both the Towns of Yorktown and Somers have tanks which also need to be addressed. We will be doing a consolidated effort to get a better price from the contractor. Mr. Geho reported that we had a meeting last week with the comptrollers and Mrs. Paget. It was decided that each entity will retain the services of the engineer so we can develop the bids and comingle all the specifications into one bid which we would bid out. We will manage the project with bills being issued by the Joint Water Works to be paid by the different entities. This was the intent of the Joint Water Works when it was originally created. It will be great for us to help consolidate more future projects.

Speaking with Mr. Paul Vasillo, the Town of Yorktown Water Service Superintendent, they are looking into relining the 12" located on Route 35. After the last motion, we took over the 16" on Route 35. We may be able to look at a joint venture to reline the whole line (both 12" and 16"). There are multiple projects that we can capitalize on.

The engineering proposal for the painting project is \$77,000 for developing the scope and

attesting for the Department of Health. Mr. Cunningham said that the Joint Water Works cost is \$77,000 and the Town of Yorktown has about another \$70,000 they are paying in addition and so does the Town of Somers with a total overall consulting cost of \$220,000. Mr. Geho mentioned that Woodard and Curran came back with a reduction of \$60,000. Trustee Scorrano said that sometimes Woodard and Curran will go higher to have a little bit of a cushion. They would rather give money back then to have to go to the Board for additional approval. The true function of the organization is to consolidate together as an entity and this should be a stepping stone.

Mr. Geho said that everyone is on board and next week we should be having a kick off meeting. He knows that both the Towns of Somers and Yorktown are under time constraints and since we are not this is a preemptive thing we are doing. The Towns of Somers and Yorktown cannot do the project at the same time because it has to be sequenced. The reason is because the Town of Somers goes with the Yorktown system and since both are on our system, if we all did this at the same time there would be issues.

A motion was made by Trustee Peterson to approve the proposal from Woodard and Curran Engineering not to exceed the amount of \$77,000 plus expenses for the Amawalk 1MG Storage Tank project. A motion was seconded by Trustee Becker. Motion approved 4-0.

Request approval for Business Director to attend NYS GFOA Conference held April 17-19, 2024

A motion was made by Trustee Lachterman to authorize the Business Director to attend the annual NYS GFOA conference being held in Albany, New York from April 17-April 19, 2024 with meal expenses not to exceed \$30 per day. A motion was seconded by Trustee Peterson. Motion approved 4-0.

Request approval for Operations Director, Chief Operator and Assistant Chief Operator to attend annual NY Section AWWA conference April 9-11, 2024

A motion was made by Trustee Lachterman to approve the Operations Director, Chief Operator and Assistant Chief Operator to attend the American Water Works Association Spring conference being held in Saratoga, New York from April 9-April 11, 2024. A motion was seconded by Trustee Becker. Motion approved 4-0.

Attorney's Report

Mr. Cunningham mentioned that both he and Mr. Geho are working with the outside counsel for the PFOS and litigation. He gave Mr. Geho credit saying that he is on top of it. We do not know when the payment will actually be but it will be paid out in installments because the settlements are so large. Once we know how that will work, the Board will be updated.

Mr. Geho mentioned that it has come to his attention that the 24" transmission main that we have ultimate financial responsibility for what used to be woods and is now becoming developed. A Walgreens was approved by the Town of Yorktown on Route 202 across from BJ's. Our 24" main runs right through the property they are developing. We are financially responsible for that main if it breaks. If that main breaks now there is nothing to remediate or rebuild. As development progresses and this main is encroached upon, now the infrastructure will be destroyed if there is ever a water main break. If that main breaks and we disrupt private property, we are financial responsible to

replace that in kind. Mr. Cunningham said that he thinks we would have to put it back to the same level it was in.

Mr. Geho said that we did not have this financial responsibility before because the area was always un-developed. He doesn't know that if moving forward any of our assets are going to be encroached upon if we can get waived from financial liability. Walgreens's needs to cross our main within ¾". Mr. Geho would like a detailed drawing because he is concerned that it can become an issue since this was never previously discussed. He suggested anything that comes before any Board which pertains to our infrastructure, we have to have someone representing the Joint Water Works. Trustee Scorrano agreed that there should be a resolution.

Trustee Lachterman said we must have some authority to protect the 24" water main and Mr. Geho he would think so. Trustee Scorrano asked if there was a break how quickly would Mr. Geho be able to shut it off and he said not very quick. Mr. Cunningham suggested if Mr. Geho can speak with the construction manager to suggest that we have someone on site when they are actually getting close to the main. Mr. Geho said that historically the Town of Yorktown did help us from the previous time because they have a crew which would be on site. When we know that the work is being done, we will send out Mr. Pat Murphy and Mr. Rob Zawacki and have a crew ready in case something happens so that we can close the main and remediate the project.

When Lowe's was being built on Route 202, they were digging to bring in sewer laterals off of Old Crompond Road and broke our main. The excavator grabbed the bell on the main and it started to go. He pushed down on the bucket and held it in place until we were able to shut it down or it could have been disastrous. Trustee Peterson said what do we have to do to get a pause on that to get a handle on it first and Mr. Geho said there is nothing we can do because it has all been approved. Mr. Geho wants to get a detailed drawing and he will come back to the Board to Trustee Lachterman and say we have to stop this because they are not giving us what we need and it is in the best interest.

Business Director's Report

Request to NYS Comptroller's Office for filing extension of 2023 Annual Financial Report

Mrs. Paget mentioned to Trustee Becker that since he is the Treasurer this year, we would like to file for an extension for submitting the annual financial report to New York State. With smaller entities like us, the due date is March 2, 2024. The Joint Water Works audit will commence next week followed by the Montrose Improvement District. Since the layout of the report has changed, she prefers to send them a clean report with all accurate information without having to make any adjustments. She needs Trustee Becker to sign the letter which she will submit and that will give us until the end of April for the extension.

Mrs. Paget mentioned to the Board at the last meeting that she was going to take a seminar offered by New York State Archives for records management grants. The seminar was postponed and she stated that it is available on a recording since it was not given at a time where Mrs. Paget would be available. She would like to see what grant monies we are eligible for and learn that process.

We are going to start to prepare for the unpaid water to relevies where we work with the tax offices of the Towns of Cortlandt and Yorktown. We also process the relevies for the Montrose

Improvement District which will begin the end of February and the beginning of March.

Mrs. Paget mentioned that Mr. Cliff Kummer, the Supervisor of the Water Billing Department for the Joint Water Works, and his staff have been wrapping up the Yorktown meter project, interacting with the vendor and getting all the accounts updated and the change outs done. They are about to do the same for the Town of Cortlandt because they are taking on a meter project where they are going to do something of a very similar magnitude. Both he and his staff are very attentive and involved in the communications back and forth.

Trustee Scorrano asked if there is a bid that the Town of Somers can piggyback off from because they have been talking about new water meters. Mr. Cunningham said that Trustee Scorrano can piggyback off the Town of Cortlandt's bid for meters. The Montrose Improvement District's meters were done about 15 years ago. Mrs. Paget mentioned that there are a few holdouts and they get charged an additional fee on their bill for that for being a holdout and not installing a new meter. She believes depending on the size of the meter Montrose charges between \$200-\$400 per billing period.

Mr. Geho mentioned that the Town of Yorktown has the infrastructure for the online meter reading technology and the Town of Somers could possibly capitalize on that. If Mr. McQuillan, Town of Somers Water Service Superintendent, can get those meter reads automatically it would be advantageous. By sending a crew out to read meters, it takes a lot of time. With the technology that the Town of Yorktown has, the reads are automatically sent to a tower. Trustee Lachterman said that they are not fully into the program but from what he understands the first part has been working very well. He mentioned that part of the functionality is that there will be a mobile application eventually and residents would be able to get notifications and set water limits.

At 10:40 a.m., Trustee Becker left the meeting.

Operations Director's Report

Receive and File 4th Quarter 2023 Operations Report

Mr. Geho gave the Board a copy of the 4th quarter 2023 Operations Report to be filed.

A motion was made by Trustee Lachterman to file the 4th quarter 2023 Operation Report. A motion seconded by Trustee Peterson. Motion approved 3-0.

Executive Session

A motion was made by Trustee Peterson at 10:48 A.M. to enter into executive session. The motion was seconded by Trustee Lachterman. Motion approved 3-0.

A motion was made by Trustee Lachterman at 11:05 A.M. to exit executive session. The motion was seconded by Trustee Peterson. Motion approved 3-0.

A motion was made by Trustee Lachterman to permanently appoint Ms. Dawn Kennedy to the position of Office Assistant Financial Support from list certification number 64-994 effective February 9, 2024 with no change in compensation or benefits currently in place. A motion was seconded by Trustee Peterson. Motion approved 3-0.

A motion was made by Trustee Peterson to approve Mr. Peter Fischer to carry over 3 vacation days into 2024 subject to union agreement and not to be a past practice and to be used in the first quarter of 2024. A motion was seconded by Trustee Lachterman. Motion approved 3-0.

A motion was made by Trustee Lachterman at 11:09 A.M. to adjourn the meeting. Motion seconded by Trustee Peterson. Motion approved 3-0.

Resolution #2024-28

A motion was made by Trustee Peterson to adopt the January 12, 2024 minutes. Motion was seconded by Trustee Lachterman. Motion approved 4-0.

Resolution #2024-29

A motion was made by Trustee Becker to authorize the 2023 budget reconciliation and allowing the Business Director to bill the members accordingly. A motion was seconded by Trustee Lachterman. Motion approved 4-0.

Resolution #2024-30

A motion was made by Trustee Becker to authorize the Amawalk Air Scour Blower Replacement capital project with a spending authorization of \$15,000 with the source of funding to be the NWJWW twenty cents per thousand-gallon rate structure. A motion was seconded by Trustee Peterson. Motion approved 4-0.

Resolution #2024-31

A motion was made by Trustee Lachterman to authorize the Chairman to execute the Inter-municipal Agreement with the Town of Yorktown for fluoride services. The attorneys and technical staff for the Town of Yorktown and the NWJWW have agreed upon the terms. A motion was seconded by Trustee Becker. Motion approved 4-0.

Resolution #2024-32

A motion was made by Trustee Lachterman to authorize the Chairman to execute the Property Transfer Agreement with the Town of Yorktown to effectuate a transfer of water transmission mains to the Joint Water Works. A motion was seconded by Trustee Becker. Motion approved 4-0.

Resolution #2024-33

A motion was made by Trustee Peterson to approve the proposal from Woodard and Curran Engineering not to exceed the amount of \$77,000 plus expenses for the Amawalk IMG Storage Tank project. A motion was seconded by Trustee Becker. Motion approved 4-0.

Resolution #2024-34

A motion was made by Trustee Lachterman to authorize the Business Director to attend the annual NYS GFOA conference being held in Albany, New York from April 17-April 19, 2024 with meal expenses not to exceed \$30 per day. A motion was seconded by Trustee Peterson. Motion approved 4-0.

Resolution #2024-35

A motion was made by Trustee Lachterman to approve the Operations Director, Chief Operator and Assistant Chief Operator to attend the American Water Works Association Spring conference being held in Saratoga, New York from April 9-April 11, 2024. A motion was seconded by Trustee Becker. Motion approved 4-0.

Resolution #2024-36

A motion was made by Trustee Lachterman to file the 4th quarter 2023 Operation Report. A motion seconded by Trustee Peterson. Motion approved 3-0.

Resolution #2024-37

A motion was made by Trustee Lachterman to permanently appoint Ms. Dawn Kennedy to the position of Office Assistant Financial Support from list certification number 64-994 effective February 9, 2024 with no change in compensation or benefits currently in place. A motion was seconded by Trustee Peterson. Motion approved 3-0.

Resolution #2024-38

A motion was made by Trustee Peterson to approve Mr. Peter Fischer to carry over 3 vacation days into 2024 subject to union agreement and not to be a past practice and to be used in the first quarter of 2024. A motion was seconded by Trustee Lachterman. Motion approved 3-0.