

Northern Westchester Joint Water Works

NWJWW Board of Trustees Meeting – February 28, 2025

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

Convened at 10:05 A.M.

Adjourned at 11:12 A.M.

A.M. Present:

Edward Lachterman, Chairperson	Matthew Geho, Operations Director
Richard Becker, Vice Chairperson	Catherine Paget, Business Director
Craig Rodrigues, Treasurer, absent	Michael Cunningham, Attorney
Robert Scorrano, Trustee	Donna Albanese, Recording Sec'y
Jeff Scott, MID Representing Commissioner	

A motion was made by Trustee Becker to adopt the January 17, 2025 minutes. Motion was seconded by Trustee Scorrano. Motion approved 3-0, with MID Commissioner Scott abstaining from voting.

Review and request approval of 2024 Year End Reconciliation Billing

Mrs. Paget reviewed 2024 departmental expenses. Regarding water treatment expenditures, we came in at \$9,760,516 compared to a budget of \$9,550,877, a deficit of \$209,639.

What was on the capital plan and paid for out of the 20 cents per thousand is that tri-annually we have to remove the lagoon residuals. We do not factor that into our regular budget planning because it would skew it too much. This cost alone was \$462,450. We have to account for that in the operating budget because there is no useful life when we do that. We pay for it like it is a capital project because it is periodic. This was discussed years ago with the audit firm and the plan was always to use fund balance to offset that cost. Taking that into account you have a different situation, creating a where you have a positive variance of over \$250,000.

Trustee Scott asked how was the variance distributed. She mentioned that in the treatment expenditures the majority of that reason is because when we planned the 2024 budget, we had not settled our union negotiations yet. We typically do not put that anywhere in the budget and fund it out of fund balance. When you see that \$50,000 negative variance it is from the shift operators, Chief and Assistant Chief so basically 12 employees. Additionally, we had created the 2024 budget with a forecasted 7% increase by the City of New York for us to purchases

water. New York City adopted a 1.82% increase in July which resulted in a positive variance in water purchase in the amount of \$138,721.

Regarding water sales to the members, we had budgeted \$8,899,576 for sales across the board and we came in at \$8,999,484 with a positive variance of \$99,908. The individual variances are the Town of Somers purchased more water so they are in a positive variance of \$20,620. The Town of Yorktown came under budgeted forecast by \$55,897. The Town of Cortlandt exceeded budget projection by \$191,847. Montrose came under projection by \$56,662. The base rate to the members in 2024 was \$3.92 per thousand up from \$3.75 in 2023. Both she and Mr. Geho had an email conversation with the Town Comptroller and the engineer in the Town of Cortlandt about their water purchases because there were about nine excess consumption charges in 2024 and they were made aware of those expenses.

Fifty-one percent of the total electrical expense is passed on to the members as an electrical surcharge for pumping water out into the distribution systems. The 2024 budget was \$426,389 and it came in at \$372,534 with a deficit of \$53,855 which ties into the electrical budget. We had a positive variance with our electricity expenses of \$136,543. This savings affects how we bill out the electrical surcharges. We use this to offset our production expenses because they are both directly related to treatment. The two revenues combined come in at \$9,372,018, less treatment expenses without lagoon residuals are \$9,297,976, an operating surplus of \$74,041.

Regular interest and CD earnings came in at \$367,815. This is mainly attributable to taking a large portion of our fund balance and investing them in CD's which we have renewed. When we factoring the cost of residual removal of \$462,540, and other revenues, we are in an operating surplus of \$49,231 for treatment and water sales overall.

Mrs. Paget reported that we were able to recoup money from the utility pole which was damaged at Amawalk. The third party made good on the list of expenses we sent them and we received a check for \$43,905.

In terms of expenses to the members for transmission plus individual services to each member's distribution system, there are two sections. The first section is general costs for the Joint Water Works in which we budgeted \$749,054 and we expended \$577,235. Factored into the budget which is what we have been doing annually when we do budget preparation, we examine the fact that we anticipate the possibility of needing outside contractor assistance for transmission line repairs. We started that methodology in 2021 when we had 2 major system breaks. The intent was to always have it appropriated in the budget at \$110,000 but to fund it when it actually happened from fund balance.

Member direct expenses is where the Joint Water Works purchases items that are directly attributable to the services of another entity, including outsource lab services. The actual expenses that are shown will vary to budget because that happens over the course over the year and it is not a planned situation only a matter of assistance at the time it is happening. Those communications happen between operations from the two departments individually and we factor them in here, isolate them and charge them to the member at the end of the year. \$89,156

is attributable to direct expenses incurred on a member's behalf to assist with the Distribution system operations. Those two combined expenses are \$666,391. We are billing out a total to members of \$606,774, and this excludes \$41,938 which was the cost for using the outside contractor and inter-municipal service specific to the Route 35 break.

Administration is all your general government support. The expenses are billed back in the same proportion as your water purchase over the course of a specific year. Billing expenses are billed back to the member based upon the number of accounts they have.

On administrative costs, we budgeted \$816,993 and came in at \$820,890 with a deficit of \$3,897. In the salary line, we planned the 2024 budget with 2023 salary levels and some other adjustments the Board agreed to make affected the outcome. As part of that Route 35 break there was a small claim settlement for some property patch restoration for a resident. The amount settled was \$2,076. It was not billed back to the members but taken out of fund balance.

In water billing, we were close to budget except for planned salaries \$456,130 compared to the actual expenditure of \$462,876 causing a small deficit of \$6,746.

Regarding water purchase surcharges, we budgeted \$163,000 and came in at \$254,946. This is where we account for any excess consumption that is billed from New York City particular to a member, as well as expenses to purchase water from Putnam Valley and Mill Pond districts which gets billed back to the Town of Yorktown. They have individual supply contracts with those two districts to recoup their costs.

Overall, operating budget expenditures were budgeted at \$11,756,422 and the actual came in at \$11,965,619 with a deficit of \$209,197.

Mrs. Paget reported that the Montrose Improvement District purchased 10% of water so they will pay 10% of the administrative expenses plus general support of the Joint Water Works operations at 10%, then their own specific services. We manage their Distribution system and the cost is \$118,663. Anything we purchased for them directly came in at \$17,107 with a total of \$257,490. This methodology follows suit for the other members. The Town of Cortlandt purchased 46% of water, the Town of Yorktown purchased 40% and the Town of Somers purchased 4%. The total owed from the members is \$1,889,234, a negative variance of \$19,943.

Trustee Lachterman asked if the Town Comptrollers account for the reconciliation. Mrs. Paget said that the year end billing is part of the member's 2024 annual budget. We provide that information to them so it would not be a budget hardship for anyone and they anticipate this. The comptrollers do reach out for an estimate at year's end.

Mrs. Paget said that the fund balance is very healthy and we are overall in a positive state. Without taking into account any monies we spent on capital projects, if you consider that you had a \$209,000 deficit in total expenditure and you look at the total revenues with a positive \$211,000, we broke even.

Regarding capital activity, we charge 20 cents per thousand gallons as part of the water rate to fund capital needs for the 5-year plan. We generated \$459,157, expended \$229,740 for net activity positive of \$229,417. These are on going projects that were on the project schedule she showed the Board in the summer. Mrs. Paget will update in the next few months to give a status on the projects.

Mr. Geho said that the capital expenses came in at 45% of what they should have been due to ongoing projects.

Mr. Geho mentioned that the Amawalk storage tank which had been budgeted to complete is not going to be done because of the cost of paint which is prohibitive at this time.

Mr. Geho said that we have been completing the security and safety improvements in both Plants. We initially budgeted \$100,000 and we are just about complete at \$23,000. By doing the work in house, we can keep control of it and have better security at a better cost and the resiliency of the organization has been improved.

A motion was made by Trustee Becker to approve the 2024 budget reconciliation and to bill each member accordingly. A motion was seconded by Trustee Scorrano. Motion approved 4-0.

Request for approval for Operations Director, Chief Operator and Assistant Chief Operator to attend annual NY Section AWWA conference April 15-17 2025

A motion was made by Trustee Becker to authorize the Operation Director, Chief Operator and Assistant Chief Operator to attend the New York Section AWWA spring conference which is being held in Saratoga, NY from April 15, 2025 to April 17, 2025. Mileage, tolls and all other expenses incurred by them for the attendance of this conference shall be deemed an appropriate charge against the accounts of the Joint Water Works. A motion was seconded by Trustee Scorrano. Motion approved 4-0.

Mr. Geho mentioned that the Chief Operator and the Assistant Chief Operator do not need their licensing renewed this year so they do not need the credits. Instead, we will open up the conference for any shift operators to attend the conference for the Wednesday which is called Operator's Day. It is a great exposure for them to see the exhibits regarding new technology.

Attorney's Report

Mr. Cunningham said that we are in the process of demolishing 78 Locust Avenue. We have paid approximately \$120,000 between demolition and air monitoring. Once the demolition was under way, they noticed there was some tar in the foundation which has asbestos in it. We think that to fully remediate and get the tar offsite, the cost will be about \$40,000. We can leave it and fill it in for about \$5,000 to \$10,000 but then you are permanently contaminating the site and losing value. He would like the Board to approve a change order up to \$40,000. Trustee Lachterman asked what will happen to the site. Mrs. Paget said there is no definitive plan yet, either open parcel or maybe storage or maybe future expansion.

A motion was made by Trustee Scorrano to issue a change order up to \$40,000 pertaining to the demolition for the extra charge to remove tar from 78 Locust Avenue. A motion was seconded by Trustee Becker. Motion approved 4-0.

Business Director's Report

Mrs. Paget mentioned that we will be starting the Montrose field work next week for their 2024 audit. The Joint Water Works field work for the audit began earlier this week. We are also doing the unpaid water bills to tax relevy for the Towns of Cortlandt, Montrose and Yorktown.

Operations Director's Report

Request to receive and file the 3rd and 4th quarter 2024 Operations Report

Mr. Geho feels that the reports document what was done throughout the year.

A motion was made by Trustee Becker to receive and file the 3rd and 4th quarter 2024 operations report. A motion was seconded by Trustee Scorrano. Motion approved 4-0.

A motion was made by Trustee Scorrano at 10:42 A.M. to enter into executive session. The motion was seconded by Trustee Becker. Motion approved 4-0.

A motion was made by Trustee Becker at 11:08 A.M. to exit executive session. The motion was seconded by Trustee Lachterman. Motion approved 4-0.

A motion was made by Trustee Becker to advertise for temporary help if needed to replace Mr. Cliff Kummer after retirement. A motion was seconded by Trustee Scorrano. Motion approved 4-0.

A motion was made by Trustee Becker at 11:12 A.M. to adjourn the meeting. A motion was seconded by Trustee Scorrano. Motion approved 4-0.

Resolution #2025-26

A motion was made by Trustee Becker to adopt the January 17, 2025 minutes. Motion was seconded by Trustee Scorrano. Motion approved 3-0. MID Commissioner Scott abstained from voting.

Resolution #2025-27

A motion was made by Trustee Becker to approve the 2024 budget reconciliation and to bill each member accordingly. A motion was seconded by Trustee Scorrano. Motion approved 4-0.

Resolution #2025-28

A motion was made by Trustee Becker to authorize the Operation Director, Chief Operator and Assistant Chief Operator to attend the New York Section AWWA spring conference which is being held in Saratoga, NY from April 15, 2025 to April 17, 2025. Mileage, tolls and all other expenses incurred by them for the attendance of this conference shall be deemed an appropriate charge against the accounts of the Joint Water Works. A motion was seconded by Trustee Scorrano. Motion approved 4-0.

Resolution #2025-29

A motion was made by Trustee Scorrano to issue a change order up to \$40,000 pertaining to the demolition for the extra charge to remove tar from 78 Locust Avenue. A motion was seconded by Trustee Becker. Motion approved 4-0.

Resolution #2025-30

A motion was made by Trustee Becker to receive and file the 3rd and 4th quarter 2024 operations report. A motion was seconded by Trustee Scorrano. Motion approved 4-0.

Resolution #2025-30

A motion was made by Trustee Becker to advertise for temporary help if needed to replace Mr. Cliff Kummer after retirement. A motion was seconded by Trustee Scorrano. Motion approved 4-0.