

Northern Westchester Joint Water Works
NWJWW Board of Trustees Meeting October 14, 2022

Convened at 10:08 A.M.

Adjourned at 10:54 A.M.

Present:

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

A motion was made by Trustee Slater to adopt the September 16, 2022 minutes. Motion was seconded by Trustee Scorrano. Motion approved 3-0.

Review quote and request approval for security enhancements form Logically

Mrs. Paget mentioned Arthur Gallagher, our insurance broker, is currently working on the renewal policies for our commercial package and our cyber security policy. Part of the application process has been expanded in order to obtain cyber coverage and they are looking for much more enhancements. Logically calls a secure care package. This is something that that would provide endpoint detection and response security on all endpoints, defined as work stations, servers and switches and provides real time monitoring of any potential threats which would enable them to shut them down or start immediate mitigation should there be a problem. This is something we do not have in place right now.

Talking with people from other municipalities, it is highly recommended and most are obtaining it yet some have not had to at this point. Mrs. Paget stated that this is an expense we do not currently have in order to protect at the level that they have presented to us. The cost will be \$7,200 annually and a start up fee of \$3,000. Mrs. Paget will work with them on the start up fee because we are also doing the server replacement project as well. The intention is to have the new server in place by the end of the year provided we get everything we need. The cyber security will go into effect with that. She would like Logically to work on the installation cost with that because if you are doing that with the server and the workstations which are currently here perhaps there is scale on that.

Mrs. Paget would like the Board to authorize the additional annual expense for the endpoint detection and the SIMS on the firewall and domain controller. There is some language in the agreement that she is not pleased with in our responsibilities and what they will do She will talk to them but wants the expense in place and have a positive effect on our experience when we go out to market on the cyber insurance. The monthly cost will be \$599.20 which is \$7,200 annually.

As we go through this insurance review, it is most likely going to be a 7 % to 10% increase. The cyber plan is also going to be about \$9,000. Arthur Gallagher is also marketing the cyber insurance. We put something in place that would help that experience.

A motion was made by Trustee Becker to approve the security enhancements for Logically for an annual fee of \$7,200 per year. Motion was seconded by Trustee Slater. Motion approved 3-0.

Finish review of the 2023 Budget

Mrs. Paget reported there has been no change in the budget. The Logically expense is not in the 2023 budget so she will factor that expense into the final budget. The overall increase in expenditures in 2022 is \$217,071. The water treatment production expense is \$9,356,313.

We are going forward with the plan as we did in the 2022 budget of \$110,000 for transmission line emergency repairs which we would use our outsource contractor if we need their services. We offset those expenses by the electrical surcharge revenue which we know based on recent reports and experience that electricity is high in terms of the cost of it. Interest earnings and rental income from 82 Locust offsets those expenses.

At this year's rate, the revenue will bring in \$8,732,626 leaving us with a deficit of \$267,820. If we were to increase the water rate 11 cents to \$3.86 per thousand on the base it would generate \$ 256,157. There would be no deficit in the 2023 budget. We would ask to keep the 20 cents per thousand for capital improvements in place making the combined base rate and capital revenue rate of \$4.06 per thousand. Trustee Becker said that that is about 30 cents more per thousand gallons if we add in the additional 11 cents and then the increase in the water rate for capital projects. Mrs. Paget stated that the overall increase would be 11 cents. Trustee Becker said it will be just 11 cents more on the consumer end.

Mrs. Paget said that we planned for a 10% increase in the New York City raw water rate and we planned for an overall 14% increase in electrical costs. Based upon the chemical bid we did earlier this year, we also planned for a 10% increase in chemical expenses. These are some of the major factors that are impacting the budget where we come up with the \$3.86 per thousand which is a 2.93% increase in our water rate. It might seem low but there is an offset there. The Village of Buchanan is not going to be meeting their demand through the Montrose Improvement District. They are seeking to get more supply from Peekskill so that they do not have to pay New York City the excess per capita which is the main driver. If they decrease that it comes back to the Water Works and results with a decrease in production. The New York City water rate in July was only a 1.46% increase so we have that benefit as well.

Mrs. Paget mentioned that we eliminated the laborer's position which was in the treatment plant's budget. The intent is to stay at the current allocated titles which is 5 IIA's and 5 IA's. There are three IIA's who are eligible for an IA license in next year's budget if they obtain that licensing level. We still have the water meter repair position in the Distribution budget. We developed that position with the County a few years ago that could be used to satisfy service needs and meter reading needs of more than one entity if the Towns are finding they want to do some comingled sharing costs of that. Since it is in the Distribution budget, you do not pay for that position if you do not fill it because it is expenditure driven and it is not in the rate.

We received results from the water billing outsourced printing, mailing, and folding RFP we had put out. We have 3 RFP's and we want to review with them specifically how their services align compared to each other. The pricing for that is also reflected in the budget and is more favorable than what we are paying now. There are increases in the costs for buying the paper, printing toner and postage at a level that we cannot get because we cannot handle what they call cleaning the addresses to obtain a better postage rate per piece. The outsourcing of that to a dedicated mailing center will do that. Our intent is to

come to the Board next month with the results of that and make a recommendation for award which will also free up staff time for analyzing meter information and insuring accuracy of billings.

Trustee Slater asked what the fund balance is and Mrs. Paget said over \$7 million. He asked if we are taking anything out of the fund balance and putting it into the operating budget. Mrs. Paget stated that we are not because any capital that we have or fund balance that we have that can go towards capital projects without putting the Towns in position of bonding which makes sense. At the end of 2021, we had about \$8.9 million. Trustee Slater said that he does not know if it is worth the consideration for the \$250,000 we are short to come out of the fund balance because everybody is getting hit every which way. We would do this instead of raising the 11 cents rate. We are sitting on an \$8.9 million fund balance and it makes sense. Mrs. Paget said that we have to keep \$2.8 million which is legally required in reserve. We have all offsets into consideration for how to use that \$5 million for future capital projects. If you were to attempt to pay for the transmission line replacement which is on the capital plan in the coming years that is forecasted at a level that the \$5.8 million. There's also an opportunity or a grant if we go with one of the IMG grants.

A motion was made by Trustee Becker to approve the 2023 proposed budget with the exception that we will take the funds from the fund balance to pay for the increased expenses in water production. Mrs. Paget stated that we will keep the base water rate as it is for the 2022 budget. We would make an adjustment to include the Logically expense. Motion seconded by Trustee Slater. Motion approved 3-0.

Request approval of agreement and authorize Business Director to execute Danziger and Markoff LLP proposal for the GASB 75 actuary services

Mrs. Paget mentioned that Danziger and Markoff have been our actuary since implementation of GASB compliance for this particular evaluation. They are responsive, accurate, and easy to work with. We are asking permission to renew our service contract with them. The highest evaluation cost is \$2,650 which is \$150 more than what we are currently paying which is a nominal increase.

A motion was made by Trustee Becker to approve the Danziger and Markoff agreement for GASB actuary services from 2022-2025. A motion was seconded by Trustee Scorrano. Motion approved 3-0.

Request approval of Battery Place interconnect rehab. Shared cost between Montrose Improvement District and the Town of Cortlandt.

Mr. Geho mentioned that this is a redundant system between Cortlandt and Montrose in which we have the parts on hand to replace the interconnect but we do not have the manpower at this time. We asked our contractor for emergency services to give us a quote for that work and the quote came in at \$16,150.40. He discussed it with Montrose and approved it so the Town of Cortlandt would need to approve it. We would execute it on the Joint Water Works side. Both he and Mr. Steve Ferreira were trying to get internal personnel to do the job but Mr. Ferreira does not have the manpower and the time to do it. If the 16" main goes down this is the secondary way of getting water from Crugers back into Montrose and into Verplanck. We would have a redundant system in place.

The existing systems are antiquated, the meters do not work and the valves are broken. We have everything on site that we would like to execute to take some of the burden off of the 16" main if it were to go down. Last month we had to shut down the 16" main for a valve replacement and we were able to activate the interconnect between Iron Bridge and Montrose which is just one 6" line. This would double that flow and give you 12" of forced main back into the system.

Trustee Becker asked where does the funding for this come from? Mr. Geho said it would come out of our budget now to cover it and bill it back to the Towns in the reconciliation. Mrs. Paget said it becomes a direct expense to the two entities. Montrose would pay half and Cortlandt would pay the other half. Both he and Mr. Ferreira agreed to fix it by the means of which we were going to do it. Trustee Becker asked if we can table this for a month and Mr. Geho agreed.

Discuss need to modify raw water intake structure at the Catskill Water Treatment Facility

Mr. Geho said that this problem started in 2013 with the DEP. We have a situation where the DEP has done 4 years of multiple week shutdowns to enhance their infrastructure. They have done that and now they want to lower their flow to a historic low in the aqueduct which means we cannot pull water out of the aqueduct with our existing intake structure. We have a 20 inch "straw" that goes 20 feet down about 4 feet off of the bottom of the aqueduct. They dropped the flows in the aqueduct to a point where the elevation is such that it causes turbulence, sucks air and we lose the prime of pumps. Last Friday, we lost the plant. We had Amawalk shut down and dewatered and had to bring the plant on an emergency situation but we did get the facility back up and running. Mr. Geho complained to the DEP and they finally increased the flow. They want a commitment from us that we will modify our intake structure so they can operate their aqueduct at 180mg a day which means we are going to need to completely modify our intake structure and they want us to incur that cost. To help us out, they have a project engineer they can give us and will fast track the permitting. We have to comply with their request because they control the water.

Mr. Geho feels that we should draft a letter and have it sent to the DEP stating that we are a large entity and we need to ensure that we have water for our residents. Also, that we committed about \$5 million in Amawalk over the past 10 years to accommodate the DEP for their shutdowns and now they are expecting us to put more money into the system to accommodate their operation. Mr. Wood asked about the magnitude of the expense and Mr. Geho feels it could be between \$100,000 and \$200,000. It will require us to pull the intake structure out, modify the pipe and put the pipe back in. It will be a lot of labor but minimal cost for material and permitting. He feels by sending them a letter and underscoring the urgency to make sure that we stay in water. As a result, we really cannot shut down Amawalk.

Mr. Geho mentioned that we are a little over on our Amawalk expenses just because of the cost of operating that facility as a whole. After our last meeting, we had shut down the Amawalk plant for 4 weeks. Since this happened, we had to bring the Amawalk plant back online. Once winter arrives, we have to keep Amawalk online because we cannot have it freeze. Both he and Mr. Wood will draft the letter and at the November meeting have it signed off. He will report to the DEP that the Board of Trustees received the information and are digesting it and the Board is requesting financial assistance to do this project. It infuriates him that we spent all his money to accommodate them on the shutdowns and discussing with them that they increased the area of the pipes and when you reduce the flow it reduces the elevation.

Mrs. Paget indicated that if we continue to run Amawalk at the rate of production that we had earlier this year, we will incur about another \$97,000 in residual removal. Alternatively, if we run Catskill, we will only incur about another \$20,000 in residual removal. Having to run the Amawalk plant along with the increase in electrical costs with NYSEG, we are forecasting on the conservative side that that will put Amawalk in the hole for about \$265,000 on the contractual end. Mr. Geho stated that this is the first time it has ever happened.

Mr. Geho reported that Montrose's demand has been steadily dropping off in 2022. At the beginning of 2022 they were ~19% of the total production for NWJWW and now they are at 8% because of the decrease in Buchanan.

The electrical surcharge for September 2022 was double that of 2021 for each of the members because of the increased electrical costs. We were paying five cents per kilowatt and we are now paying ten cents per kilowatt and we have no control of it.

Attorney's Report

Mr. Wood said we are finalizing the union contract that we created and implemented. Both he and Mrs. Paget are discussing and reviewing the employee handbook and policies. We may do it in house or use a

consulting company that comes in.

Business Director

Mrs. Paget mentioned that we are having phone calls and discussions with the Towns of Cortlandt and Yorktown for some of the upcoming projects such as the meter project. Both she and Mr. Cliff Kummer have a call scheduled with Mr. Ken Rundle, Yorktown Water Service Superintendent, and Mr. Mike Johnson on Tuesday to talk about timelines to consider the meter reading redistricting project that Cortlandt is doing. We want to make sure we have availability to everyone as they need it and that there is a realistic timeline for both entities as well as from us.

Operation's Director's Report

Mr. Geho said that the clarifier project was completed about a month ago and upon bringing the new drive on line, we discovered an electrical issue with the facility. The motor and the drive for clarifier #1 had been offline for about 4 years. It had failed and we never replaced it because we knew we had to do this big capital project. We put the new driver on, went to power up the center mixer which had not been used in years, the fuse kept popping indicating a problem. We had our electrician come in and he discovered that in the 1970's when they built the plant, the County did not install a grounding wire to the clarifier but rather used the steel conduits as the ground. The conduit rotted away and broke the connection and we had no grounding on the clarifier which is a very hazardous situation. Our electrician did a temporary tie to a new grounding rod. We had to run copper wire across the ground into a pipe. As a result, we are in the process of fixing that and there will be a cost to incur to resolve this issue which is electrical safety. We are doing this in house with our electrician.

Mr. Geho reported that there is an issue with the Quinlan tank and he is working with Mr. Rundle and hopes to resolve it. Regarding the fluoride project, Mr. Geho has to be a little headstrong with Mr. Dan Ciarcia, Town of Yorktown Engineer, because he has to do what is best for the Joint Water Works. In 2011, we had shut down fluoride.

The Town of Cortlandt's interconnect project is on its way. He spoke to the contractor who did the wet tap. They will isolate the 24" main and allow them to do that in a safer manner. Hopefully, we will have that on as soon as possible which will be a benefit for operations. This is additional redundancy for the Town of Cortlandt's system.

Mr. Geho mentioned that we have been helping out Mr. Fred McQuillan, Town of Somers, with some water main breaks and coliform sampling. He mentioned to Mr. McQuillan that if Somers needs assistance, there is an IMA agreement between NWJWW members. Trustee Scorrano mentioned to Mr. Geho to keep reminding Mr. McQuillan of this.

Mrs. Paget mentioned that we have been informally advised by our Assistant Chief Operator that it is his intent to retire March 2023. Our intent is to fill the position internally if we can. We are working with Civil Service right now to see if there is a list. We will probably do a communication to the employees that it would be the intent to fill etc. The intent would be to hire a new operator to replace the existing operator who will take the Assistant Chief Operator's position and we have a plan in place.

Regarding the Raymond Reber building dedication, we met with McCaffrey Signs. They did a site visit and we are awaiting a quote.

Mr. Geho said he thought of putting a plaque in the downstairs lobby with the former supervisors' names. Everyone agreed it was a good idea.

A motion was made by Trustee Becker at 10:54 A.M. to adjourn the meeting. The motion was seconded by Trustee Scott. Motion approved 3-0

Resolution # 2022-75

A motion was made by Trustee Slater to adopt the September 16, 2022 minutes. Motion was seconded by Trustee Scorrano. Motion approved 3-0.

Resolution # 2022-76

A motion was made by Trustee Becker to approve the security enhancements for Logically for an annual fee of \$7,200 per year. Motion was seconded by Trustee Slater. Motion approved 3-0.

Resolution # 2022-77

A motion was made by Trustee Becker to approve the 2023 proposed budget with the exception that we will take the funds from the fund balance to pay for the increased expenses in water production. Mrs. Paget stated that we will keep the base water rate as it is for the 2022 budget. We would make an adjustment to include the Logically expense. Motion seconded by Trustee Slater. Motion approved 3-0.

Resolution # 2022-78

A motion was made by Trustee Becker to approve the Danziger and Markoff agreement for GASB actuary services from 2022-2025. A motion was seconded by Trustee Scorrano. Motion approved 3-0.