

# Northern Westchester Joint Water Works

## NWJWW Board of Trustees Meeting – September 20, 2024

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

Convened at 10:03 A.M.

Adjourned at 11:19 A.M.

**Present:**

<b>Robert Scorrano, Chairperson</b>	<b>Matthew Geho, Operations Director</b>
<b>Ed Lachterman, Vice Chairperson, left 11:17 A.M.</b>	<b>Catherine Paget, Business Director</b>
<b>Richard Becker, Treasurer</b>	<b>Michael Cunningham, Attorney</b>
<b>Charles Peterson, Trustee</b>	<b>Donna Albanese, Recording Sec'y</b>

A motion was made by Trustee Becker to adopt the July 19, 2024 minutes. Motion was seconded by Trustee Lachterman. Motion approved 4-0.

### Review of 2025 Proposed Budget

Mrs. Paget gave an overview of the 2025 Proposed Budget:

Year to year budget change for all departments is \$12,314,104 which is \$557,682 more than the 2024 adopted budget level. Expenses which impact the rate come in at \$9,796,427. Current water rate is \$3.92 per thousand which would bring in \$8,956,808, leaving a deficit of \$381,191. To offset that deficit, a rate increase of \$0.16 would be required, bringing the new rate to \$4.08, ironically also happens to be a 4.08% increase in the rate.

If Mrs. Paget was to examine 2005-2015, on average the City would increase their rate annually about 10%, and prior Boards' of Trustees always felt comfortable with factoring in a 10% increase. We applied that up until the 2023 budget, and in 2024 it was reduced to 7%. New York City raised the rate this year by 1.8%, and the proposed budget has factored in a 5% based upon more recent years' varied activity. This is a consideration if you want to reexamine, and not fund an increase for next year. You could consider backing out that 5% and leaving it flat for the year and reexamining mid-year in 2025. If you were to do that, you automatically shave 6 cents off the NWJWW proposed budget rate, bringing it down to a 2 1/2 % increase.

With the CD earnings, we are estimating \$200,000 and this might be the last year to take advantage of it.

Since the event at Amawalk back in May, our main electrical meter was out of commission and NYSEG could not measure the electric being used. We do not have any bills for the summer time and there are no estimates. Mr. Geho said he can tell NYSEG how many kilowatt hours were used from our pumps which is approximately 70% of our demand. We record the kilowatt hours off our pump meters everyday so we do have the data. Mrs. Paget mentioned that we have New York Power Authority at the Catskill Plant which has a different structure than NYSEG. New York Power Authority does not release any information as to what they would advise us factoring in a cost for next year until late September. There is a new fee called the COVID relief fund which is a pass through. Mr. Geho said that it seems like Con Edison is driving the price for delivery because they are the largest percent increase of the bill. The electricity expense fluctuates yearly. Without rate projections, we are projecting that with electricity we will come in lower than budget. We budgeted \$870,182 for 2024 and we think even with a rate increase next year we may still be in a good position. She would rather wait until late September to project the budget for electricity. NYSEG will have a small increase in delivery charges and we would not see it on a cost basis because it would be nominal. The 10% reduction in electricity costs is factored into how we compute the rate.

Chemical expenses are based on unit cost, dosing and other factors from operations. \$513,160 was requested for the overall chemical budget which does not include fluoride because we do not factor that into the rate and that cost is billed back to Yorktown individually. This is just water production within the plants for Catskill and Amawalk. In 2024 we budgeted for \$425,887 and we are projecting that we will come in at \$466,111. The chemical bid was awarded July 2024 so some of the impacts from those rate changes are affecting the calculations for 2025. Mr. Geho said that we fully funded Polyaluminum Chloride at the Amawalk facility. This year the cost was so high that we had to shut down the Amawalk plant. He said if you look at the \$548,000 spent in 2022, it was because we were having to run Amawalk because the Catskill aqueduct was offline. The cost of coagulant and disinfection for Amawalk is twice that of all the chemicals for the Catskill Plant and does 30% of our total production.

Mrs. Paget said that the overall commercial insurance package has been predicted to come in at 10% higher if we stay with our current carrier, Zurich. In discussions with our broker, Arthur Gallagher, they advocated on behalf of the Joint Water Works and we do not have a big claims history. Due to market factors, Zurich has indicated they are not going to be able to accommodate any kind of requests for a more beneficial rate to us. To be conservative a 10% increase was budgeted.

Regarding the health insurance premiums, we have not heard anything on the rate increase from NYSHIP. We are usually not notified until December but Mrs. Paget factored in a 10% increase. There are 4 employees who waive the coverage.

The retirement system released their rates, an increase of 7.2% and 12.5% depending on the Tier. We have a number of retirees and most of our employees were previously Tier 3 or Tier 4. Currently, we have about half Tier 4 and half Tier 6 employees. Over the last few years, the New York State Retirement system raised the rates between 16% and 19% annually. In 2021 and 2022 the rates were dropped 27% then in the subsequent 3 years they increased each year.

Mrs. Paget reported that we settled the union contract earlier this year and all employees had salary adjustments. The 2024 budget did not include any increases for salaries because we were just starting

negotiations at the time. The 2025 budget reflects the 2-year jump. In accordance with succession planning on the administrative side, we incorporated the accountant position. Any services not part of the rate whether administrative, distribution, or billing the members are billed at the end of the year for actual costs not projected costs. When we reconcile the end of the year costs, that is when you pay for those expenses.

Referring to the Billing services cost, Trustee Lachterman mentioned that with the \$479,894 cost he does not understand why the Town of Yorktown pays the most when you break it down per account and why does Town of Cortlandt do 4 bills and the Town of Yorktown 3 bills and the Town of Yorktown is higher per account. Mrs. Paget said that we typically take all the costs running the entire department and split it out on the number of the account basis. When you have more accounts, you have more to manage, not just in terms of reading and issuing the bill but in the customer service end of it regarding phone calls and the appointments to address an issue which is part of the service. Trustee Lachterman said that the Town of Yorktown's Water Department and Tax Department do get a lot of those calls. With the Town of Cortlandt doing 4 it has to cost more from a supply point of view. Mrs. Paget mentioned that we outsource the billing printing and mailing so there is a savings. She can revisit the costs on how we bill out for the services and come out with a chart to show what the differences are. This methodology was developed when the billing employees were consolidated. There was an employee dedicated from the Town of Cortlandt and one from the Town of Yorktown that used to work in the billing department. Currently, we have four Joint Water Works employees. At the time, it was thought that the metering systems were going to be uniform and all members would be on the same billing schedule. Trustee Lachterman asked do the new electronic meters we are using streamline the process? Mrs. Paget said it reduces some of the staff time in terms of having to constantly evaluate the meter data and there are some non-compliant issues. The system is not yet perfected that would allow true data analytics to substitute for the employees reviewing the data. We also would need more training and guidance from Sensus.

Mrs. Paget reviewed the capital projects list, exclusive of the Amawalk Plant Upgrade project. She said that every year we budget money for computer services, work stations, etc. Currently, we have about 12-13 workstations and 75% of the workstations and other office equipment needs to be replaced. We rolled it into one package to have one bid for the hardware items and replace anything that has exceeded their warranty and significant security updates in cyber security.

There are some improvements at 82 Locust Avenue which the current tenant advised the Operations Director are needed, such as painting the exterior and replacing the flooring.

The trench at Amawalk for the lagoon drainage site needs to be done and the cost is about \$15,000. Going out 5 years without the Amawalk Plant Upgrade, the total would be \$1,598,000 for capital projects.

Mrs. Paget reviewed options for funding the capital projects and funds available for decision making. What is legally required in reserve for unanticipated operating expenses, using the 2024 budget of \$11,756,422 we come up with \$2,939,106 legally required for reserve by the Unconsolidated Laws. We took what our December 31, 2023 modified and available fund balance is of \$10,000,000, and subtracted out the reserve and came up with the unrestricted amount of \$7.4 million. This year based on volume we anticipate to bring in \$460,182 in the 20 cents per thousand rate. Based on previously

approved projects and on-going projects, we estimate to spend \$628,203. Based on projections, what is available is \$7,314,967. Using the annual amount from the 5-year capital plan and assuming the same 20 cents per thousand each year generates about the same amount of money and you would be able to cover your projects through the next 5 years continuing at the same pace. If the timing applies and the projections come in right, you would still have \$682,000 as a net figure. With the remaining \$5 million, the Board may want to think about reserving it for a particular purpose.

We talked about PFAS as a bonding project and we can do some startup costs for that. Replacement of transmission line used to be on the capital plan for \$10 million and then we received an estimate from engineering for \$25 million. We have 2 big areas that the \$5 million might want to be discussed and we can make decisions. Mr. Cunningham said that as far as PFAS goes, we do not know about how much money we will be receiving from the settlement. Mr. Geho said that the big thing is the organic load so we cannot just implement a plug and play for the PFAS because the cost would be prohibitive over the long run. This is the decision we have to make that will impact the plant for future years. The reality of it is that we have until 2029 to comply and we are ~20% through that timeline.

Mr. Geho said that this time next year we have to bid out for whatever we are going to do with the Amawalk facility. The logistics is getting materials and supplies will be a challenge. We are still waiting for material for a project we started in 2022. He is working with engineers to start planning for this project. Ideally we are in contract by end of 2024 so we can start working on this in January 2025. Mr. Geho would like to come back to the Board with the design and projections. The \$5 million can go a long way to start this project and then the bonding.

Trustee Becker spoke about the grants and Mr. Geho said that there are grants we can look into but in order to take advantage of them the projects must be shovel ready. He spoke to Mr. Bill Richardson and moving forward with a water supply agreement with the city will require the NWJWW to have a committed backup water supply. They want us to make sure that the Amawalk facility is operational 24/7. He said that we really have to go after the PFAS issue.

Mr. Geho reported that Mr. Richardson said they have big plans in 2027 where they need to use the Amawalk facility. In 2027, Mr. Geho is hoping to say that the Amawalk facility will be offline due to major work and we need the DEP to commit to keep the Catskill facility online. Now we have to work with the city to try to get them to commit to giving us the water at the Catskill facility. The simplest part of this is the money because it is available.

Mr. Geho explained to Trustee Lachterman that New York City owns all the reservoirs. The raw water component of the budget is what we pay the City for purchasing the raw water from them. We pull it out of their resources, treat it and send it out into Distribution. Mr. Geho said that we are spending about 65% of the water rate on just buying the raw water from NYCDEP.

Mrs. Paget reviewed the schedule of member fees. \$259,000 variance is the cost allocated through each entity based on their percent of water purchase for the administrative and regular distribution budget. Direct costs are billed to the entity for services.

Mrs. Paget mentioned that the biggest component is in part for the administrative budget because she is implementing the approved fifth position for succession planning. There were 2 lists for the position of accountant with a total of 8 candidates. We canvassed both lists and of the 8 candidates, 2 replied that they were interested and the rest replied that they were currently employed and did not want to move. When contacted for interviews, both candidates changed their minds so we are free to advertise. We are going to list the accounting position with the New York State Government of Finance Officers Association, the Penny Saver, the Examiner, Association of Towns, local papers and members websites. She spoke to an internal personnel manager regarding to post on Indeed.com. You cannot narrow your exposure from Indeed so you would get hundreds of resumes. Trustee Lachterman says he does not get candidates from other states because they put on the site no relocation fee. There are many options we can look at on Indeed.

Mr. Geho suggested that we can look at a mid-year adjustment for raw water. If in May, June or July, it shows that we are going up 25% then we can make an adjustment to the water rate at that time. We spoke about a pass through and we can put on the bill that this is New York City's cost.

**Request Authorization to release retainage to Ben Cozzi Inc. dba Northern Construction for Bid# 2023.8 Catskill Paving and Site Work**

Mr. Geho said that we held Ben Cozzi's retainage for one year to ensure that the work held up on the Catskill paving and work site.

A motion was made by Trustee Lachterman to release retainage to Ben Cozzi dba Northern Construction for Bid #2023.8 Catskill Paving and Site Improvements in the amount of \$20,525. A motion was seconded by Trustee Becker. Motion approved 4-0.

**Request permission to advertise a bid for repair of emergency generator for the Catskill Plant, and declare rental of temporary generator an emergency**

Mr. Geho said we ran the generator under load for ~ 9 hours. During this time, something got pulled into the radiator and cracked it which caused the coolant to leak. We were able to get the generator stabilized and now we have a rental generator on site for emergency backup power. Since there are 2 banks of radiators on it, the first bank got taken out by we think a hose clamp so that will need to be replaced. The secondary backup radiator should also be replaced so we would like to put out a bid for all radiators to be replaced. We have an oil leak on the diesel motor so want to also address this by including the work in this bid. Since we have a backup generator and we are going to have the largest piece of equipment excusive of the motor out of the way, it might be time to fix that oil leak. Mr. Geho is requesting to resolve two issues with one bid. He wants to get the bid out next week and get prices back to see the cost of the repair for the radiators and that motor and bring back to the Board at the October 4<sup>th</sup> meeting to decide. This is something that is not cost prohibitive and we can move forward. Mr. Geho thinks the cost could be anywhere from \$180,000 to \$200,000 and the generator has only about 700 hours on it. The generator rental we have now is \$19,000 a month.

Mrs. Paget advised we reported this event to our insurance company to examine our options under some of our policies to see if there is any reimbursement for some costs.

A motion was made by Trustee Becker to authorize to bid out the Catskill Generator Repair. A motion was seconded by Trustee Lachterman. Motion approved 4-0.

A motion was made by Trustee Becker to declare the emergency generator rental at a cost of \$19,000 a month for the Catskill Water Treatment Plant. A motion was seconded by Trustee Lachterman. Motion approved 4-0.

**Request authorization to proceed with two (2) HVAC improvement proposals:**

**Billing Department**

Mr. Geho said we had about \$150,000 budgeted for capital improvements for HVAC work. With the previous Board, we only spent about \$17,000 because we thought we had to replace a lot more hardware. He asked the Board to hold that reserve for future upgrades. The HVAC is about 25 years old and the hardware fails over time.

There are 2 separate proposals with Clean Air Quality, our HVAC contractor that we have had for the past two years. We asked them for two quotes: one for heat pump installation at our raw water pump station and one for the billing area. When this plant was designed and built, the HVAC system was never designed to incorporate the billing area as being inhabited. When it is winter time, the employees get cold and have electric heaters on which is a fire hazard. During the summer it is hot in the billing area. We are looking to pull the billing department area off the main HVAC system so the unit is no longer supplying that area. The billing area will have their own thermostat which will prolong the life of the equipment here and make this more tempered.

Presently at the Catskill Water Raw Pump station, we have an old boiler and a 1,000-gallon oil tank that is dedicated just to that boiler. If we put the heat pump in there that would give us heating and the cooling and allow us to remove that oil. Prior to this Board, we had about 12,000 gallons of buried fuel which was removed due to a liability and now everything is above ground. This enables us to remove one more bulk petroleum tank from our permit. That tank sits on DEP property and it would be beneficial to get that tank off of the DEP property. The quote for the Billing area is \$23,085 and the quote for the Catskill Raw Water Pump Station is \$ 14,503.

Mr. Geho said that the oil we take out will be consumed elsewhere. The tank is a new double walled 1000 gallon which will go to the Amawalk Water Treatment Plant. This will double our storage capacity and reduce the frequency of deliveries.

A motion was made by Trustee Becker to authorize Clean Air Quality Service for HVAC improvements in the Billing department with a proposal not to exceed \$23,085 with a source of funding to be the capital project rate per thousand. A motion was seconded by Trustee Peterson. Motion approved 4-0.

A motion was made by Trustee Becker to authorize Clean Air Quality for HVAC improvements in the Catskill Switch Gear Room with a proposal not to exceed \$14,503 with the source of funding to be the capital project rate per thousand. A motion was seconded by Trustee Peterson. Motion approved 4-0.

**Authorize Chairperson to execute an agreement with Town of Cortlandt for the purpose of cooperative procurement services**

Trustee Becker said that a resolution was passed at the Town of Cortlandt in regards to the Joint Water Works to join their bidding process to save money.

A motion was made by Trustee Lachterman to authorize the Joint Water Works to execute an agreement with the Town of Cortlandt for cooperative procurement services. The Town of Cortlandt passed a resolution at their September 17, 2024 Board meeting to include the Joint Water Works. A motion was seconded by Trustee Peterson. Motion approved 3-0. Supervisor Richard Becker recused himself on the vote for shared procurement services between the Joint Water Works and the Town of Cortlandt.

### **Discuss property appraisal services**

Mrs. Paget discussed appraisal services for the Catskill Plant which would go through the insurance review and out to market. This has to do with being aware of plants being built in a similar technology as to what we have now by other communities within the Westchester County area and what those costs are. This plant has been online for the past 25 years and that was the last time there was any valuation. It was actually all purchase costs and that has been carried forward in building values for insurance purposes. This is not to say that we have not increased the building's value on a consistent percentage over the time that it has been in place, but it has been recommended by our broker, Arthur Gallagher that we might want to consider getting another valuation for insurance purposes and decision making in the future. It is something from an insurance standpoint the Board should consider in regards to insured values. Trustee Peterson asked if the building was worth five times more than what it cost to build and the answer is yes. Mr. Geho said you don't want to be uninsured.

Trustee Lachterman suggested that Mrs. Paget contact the state or the DEP for recommendations because they have plants like the Catskill and Amawalk Plants. Mrs. Paget mentioned the Columbia group because they did a valuation study of the members' 10 assets at the time. They valued common assets which would become part of the Joint Water Works system and that helped decide the net cost of what the members had to bond. The cost of the appraisal is about \$10,000 plus. We would have to compare the specifics of what they do. Mr. Cunningham suggested we get a few proposals. She advised the Board that she asked our broker if we know the cost why can't we inflate the building value ourselves. Our broker said the underwriters will not take our word on the value of the buildings even with in print information for what other costs are going to be incurred by neighboring communities to build the same technology.

### **Business Director's Report**

Nothing further to report.

### **Operations Director's Report**

#### **Request for receive and file of the 2<sup>nd</sup> quarter Operations Report**

A motion was made by Trustee Lachterman to receive and file the 2<sup>nd</sup> quarter 2024 Operations Report. A motion was seconded by Trustee Peterson. Motion approved 4-0.

### **Attorney's Report**

Mr. Cunningham said that he would draft the cooperative purchasing agreement.

Mr. Geho mentioned both he and Mrs. Paget met with Ms. Jenn Glasheen from the Purchasing Department from the Town of Cortlandt and talked about purchasing contracts and things that the local entities can piggyback off from at Federal and State levels and different areas which is a big help to use.

A motion was made by Trustee Becker at 11:19 A.M. to adjourn the meeting. Motion seconded by Trustee Peterson. Motion approved 3-0.

***Resolution #2024-74***

*A motion was made by Trustee Becker to adopt the July 19, 2024 minutes. Motion was seconded by Trustee Lachterman. Motion approved 4-0.*

***Resolution #2024-75***

*A motion was made by Trustee Lachterman to release retainage to Ben Cozzi dba Northern Construction for Bid #2023.8 Catskill Paving and Site Improvements in the amount of \$20,525. A motion was seconded by Trustee Becker. Motion approved 4-0.*

***Resolution #2024-76***

*A motion was made by Trustee Becker to authorize to bid out the Catskill Generator Repair. A motion was seconded by Trustee Lachterman. Motion approved 4-0.*

***Resolution #2024-77***

*A motion was made by Trustee Becker to declare the emergency generator rental at a cost of \$19,000 a month for the Catskill Water Treatment Plant. A motion was seconded by Trustee Lachterman. Motion approved 4-0.*

***Resolution #2024-78***

*A motion was made by Trustee Becker to authorize Clean Air Quality Service for HVAC improvements in the billing department with a proposal not to exceed \$23,085 with a source of funding to be the capital project rate per thousand. A motion was seconded by Trustee Peterson. Motion approved 4-0.*

***Resolution #2024-79***

*A motion was made by Trustee Becker to authorize Clean Air Quality for HVAC improvements in the Catskill Switch Gear Room with a proposal not to exceed \$14,503 with the source of funding to be the capital project rate per thousand. A motion was seconded by Trustee Peterson. Motion approved 4-0.*

***Resolution #2024-80***

*A motion was made by Trustee Lachterman to authorize the Joint Water Works to execute an agreement with the Town of Cortlandt for cooperative procurement services. The Town of Cortlandt passed a resolution at their September 17, 2024 Board meeting to include the Joint Water Works. A motion was seconded by Trustee Peterson. Motion approved 3-0. Supervisor Richard Becker recused himself on the vote for shared procurement services between the Joint Water Works and the Town of Cortlandt.*



***Resolution #2024-81***

*A motion was made by Trustee Lachterman to receive and file the 2<sup>nd</sup> quarter 2024 Operations Report. A motion was seconded by Trustee Peterson. Motion approved 4-0.*