

## MINUTES

**FINANCE & BUDGET COMMITTEE MEETING**  
**Friday, February 05, 2021 – 10:00 AM**  
**Zoom Video/Teleconference Call**  
**Dulles State Office Building**  
**Watertown, New York**

The Development Authority of the North Country Finance & Budget Committee met in regular session via Zoom Video/Teleconference Call, Watertown, New York on Thursday, February 5, 2021 at 10:00 am.

**Committee Members - Present**

Margaret Murray, Chair  
Thomas Hefferon  
John Johnson  
Mary Doheny

**Committee Members - Absent**

Gary Turck

**Other Board Members Present**

Frederick Carter  
Alfred Calligaris  
Steve Hunt

**Staff Present:**

Carl Farone, Executive Director  
Dawn Caccavo, Comptroller  
Michelle Capone, Director, Regional Development Division  
Laurie Marr, Director of Communications and Public Affairs  
Brian Nutting, Manager, Water Quality Division  
Patricia Pastella, Manager, Materials Management Division  
Regina Rybka-Lagattuta, Human Resources Director  
Jennifer Staples, Chief Financial Officer  
Carrie Tuttle, Chief Operating Officer  
David Wolf, Manager, Telecommunications Division  
Tracey Yarina, Deputy Comptroller  
Angela Marra, Executive Assistant

**Guests:**

Today's meeting, due to the coronavirus emergency restrictions, and in compliance with Governor Cuomo's executive order is being conducted via teleconferencing. The meeting has no in-person public access, but it is accessible through the Authority website and live streaming. When speaking, it is asked participants state their name so we are able to note them correctly in the minutes.

1. Chairman Murray called the meeting to order at 10:00 AM.
2. Roll call – Quorum established
3. Review of the Preliminary 2022 Budget

C. Farone presented the budget introduction. He stated that the Authority is in sound financial condition. The Authority is a revenue-based organization, and due to COVID we need to be sensitive to our customers' pricing now more than ever. Rates are being kept as stable as

possible within this year's budget causing this budget to stay flat across the board, but consistent. C. Farone stated there is a substantial dip in capital projects going from \$6 million in FY 2021 to a projected \$3.1 million in FY 2022. This year will be a transition year where we can finish larger capital projects that are substantially complete, such as the southern expansion, recycling transfer station, and the landfill closure at Materials Management, and the purchase of Dense Wave Division Multiplexing equipment and Ethernet projects for Telecom.

M. Doheny asked what the Ethernet is. D. Wolf responded that it is our primary transport service. The Ethernet is a local area network of technology used for connecting multiple computers on one network so they may communicate with each other. He further explained this means it is a transport technology used to connect devices, computers, printers, and servers that communicate together in one location to then communicate with other locations. The internet is a three layer protocol that travels over the Ethernet.

M. Doheny asked if this is building a bridge for the last-mile carriers to come in. D. Wolf responded yes, it is the underlying protocol used for communicating with all carriers. C. Farone added that the Authority is selling a service to Verizon Wireless, and they are buying an Ethernet connection from the Development Authority. Over time the Authority has transitioned to Ethernet as the main service offering being sold.

C. Farone reviewed Capital Appropriations with a five year synopsis. In 2020 there was \$27 million in capital appropriations, this year we have \$3.1 million with the majority of this within telecommunications at 49%, followed by materials management at 33%. These capital projects will be reviewed within each of the division presentations.

#### Human Resources – C. Farone

Staffing, there are no additional positions included in the budget at this time.

Health Insurance Premiums total listed within the budget is \$845,000. This plan is reviewed each year with the Governance Committee. The current plan is a 4.2% increase in the premium and 3.7% increase in the deductible. This year the Authority has implemented an additional concierge service to the Authority employees with the intent of saving money. This is a teleconferencing emergency ER service costing \$2.00 per employee per month. There is no cost when the service is utilized so it does not impact the health insurance and will hopefully reduce the deductible utilization.

Post-retirement benefits, or health insurance benefits for retirees. C. Farone is suggesting the Authority work with legal counsel and accountants about setting up a trust for managing post-retirement benefits, for health insurance benefits for retirees. This has not been allowed by the state in the past, but other authorities have set them up. The way this is set up now, when the actuary does the evaluation, the money set aside for this is not counted resulting in an inaccurate representation. A report will be presented to the Board with available options.

There are no longer any tier one employees (at a cost of 25.2%) within the Authority, with tier three and four (at a cost of 18.2%) representing the majority, and tier six employees (at a cost of 10.7%) have increased in number each year and should exceed any other tier in 2023. This is helping the Authority Retirement Benefits by reducing pension costs going forward.

Workers Comp has seen a slight decrease this year because we are part of a larger pool. This is an expensive policy, but it is a requirement.

The Organizational Chart has remained unchanged.

## Budget Elements – C. Farone

Information Technology is critical with \$168,000 budgeted for programming and software. A project was authorized by the Board to be carried over from 2021, \$60,000 Network Access Control (NAC) system. This is a current project and will be implemented in 2022.

Office rent includes maintaining the current space in the Dulles State office Building and the St. Lawrence County office building. 30% of Authority workforce is currently working from home. Through 2022 if this continues to work well we will discuss a formal telecommuting policy with Board following COVID.

Interest Earnings have not been this low in at least 21 years. As they continue to decline, it is key to note the preservation of principal.

Liability Insurance was bid through an RFP this year. It was done through a competitive process and we received four responses. The same provider, Eastern Shore Associates, was selected resulting in a savings of \$2000.

Retiree Health Insurance has increased due to additional retirees. Over the last 12 months, six staff have retired from the Authority. This expense is roughly \$5,000 per employee.

Vehicles continue to be purchased under the Administration budget, then are leased to the operating divisions.

Short Term Disability currently provides 50% of the average weekly wage, but no more than \$170 per week. J. Staples reviewed 10 different policies to find something more beneficial for Authority staff. There is a plan that will offer 60% of wage, or \$2,000 maximum weekly benefit. This will be at an additional cost to the Authority of just under \$15,000.

J. Johnson commented this does not seem unreasonable, given the nature of the increase and the tremendous benefit. He asked if there may be some cost share with the employees. C. Farone agreed saying it would roughly be \$.60 per week.

Wage Analysis currently has a balance of \$51,000 in a capital project for classification and compensation. C. Farone recommends removing the capital project, and including \$35,000 consulting expense this year to do a compensation evaluation.

## Administrative Budget – J. Staples

J. Staples reviewed the Administrative Budget by going over revenue, expenses, and capital projects.

Budgeted revenue is decreasing by roughly \$231,000 compared to the FY21 budget mainly due to interest income due to the poor interest rate on the checking and money market accounts.

Salaries and fringe benefits under expenses are down approximately \$52,000 compared to last year due to position changes resulting in an overall reduction in the total administrative salaries.

Office and administration total expenses increased by \$36,000 due to office rent and office equipment increasing \$17,000.

Travel and Training accounts have increased as it is anticipated activity will increase following the COVID vaccine.

Professional fees increased in the consulting account to utilize a consultant to create a compensation plan for exempt employees during FY22.

Capital Budget has two items, four vehicles that will replace three and add one new Water Quality service truck for \$130,000, and a voice upgrade to replace the 10 year old current system for \$50,000.

#### Materials Management – C. Farone

The Tip Fee has not increased since 2012 and it is recommended to hold this at the previous rate. A full financial assurance projection is to be done in 2022 now that the southern expansion will be operational. The liner reserve had previously been discontinued due to no new liners that were to be built. The financial assurance projections will be reconstructed through 2074, when the southern expansion is projected to be full. Once these projections are complete, there will possibly be a requirement for a rate increase by January of 2022. Any increase would be clearly articulated to the partners. If the rate increase cannot be implemented as soon as we would like, the tip fee stabilization reserve can be used for that purpose. We would like to have this projection completed prior to June 30<sup>th</sup> to be able to communicate it to the partners and customers in advance of their budget preparation process.

J. Johnson commented it has been a long time since a rate increase. The Southern Expansion meets all current environmental standards helping to justify why it would be more expensive and not just a rate increase. People need to recognize that it is because of environmental protection for the water and the air. C. Farone commented that it costs roughly \$1 million to construct one acre of liner due to the environmental impacts and making sure it is designed correctly.

Leachate is shown to increase by 3.015 cents, or approximately \$275,000 per year. This is still 50% of the City's rate to other entities that bring leachate to their facility. The city wanted to renegotiate with the Authority because they are no longer producing ash and grit. We hope to have this for the Board's review by the March meeting. This increase in leachate cost will have an impact of approximately \$1.25 per ton.

Dual working faces increase costs as they require two sets of staff working in two places at the same time. The Authority has been working with B&L to utilize airspace as effectively and efficiently as possible keeping the original landfill operational on a limited basis for a few more years to utilize it to its most efficient capacity.

Closure reserves, specifically the post closure, will be impacted by the increased leachate costs. The Authority needs to maintain enough funds in a post closure reserve for all maintenance activities of the landfill for a minimum of 30 years post the last piece of waste entering the facility.

Equipment costs continue to be a focus as we work hard to maximize the useful life and utilize each piece as efficiently as possible due to its expense.

LFGTE (Landfill gas to energy site) shares 50% of their profits with the Authority. The 10 year contract between ARIA and NYSERDA has ended, which was at \$26 per renewable energy credit (REC). Aria believes they will be able to sell their credits at \$30 so we should see a slight increase.

Single Stream capital has been going on for year. The Board authorized \$600,000 per county, Jefferson, St. Lawrence and Lewis, at a 50% cost share. We are honoring everything in their current year budgets, but are recommending that this be discontinued effective December 31, 2021. There is about \$238,000 incentive remaining for Lewis and St. Lawrence counties. C. Farone has spoken with Ryan Piche about this and he saw no issue. The counties have their recycling programs up and operational and the intent would be to get Jefferson County to proceed with single stream recycling.

J. Johnson asked how the city's [Watertown] test on hauling waste through Harrisville worked last week. C. Farone responded it went very well. The City of Watertown is analyzing now how they may be able to make this work. P. Pastella added that Recycle America was out of operation until Tuesday so right now they are holding the recyclables and containers on site.

Solar is a project the Authority would like to investigate adding at the Warneck Pump Station and Materials Management Facility. Consulting for this project would be \$15,000 and has been added to the budget. If this is feasible it will be brought before the Board to review.

The Recycling Transfer Station (RTS) is being reviewed at the request of the Board Chair. Currently the Authority is paying the transportation cost from the RTS in Harrisville to Recycle America or Oneida/Herkimer. We would like to look at putting a materials recovery facility (MRF) at the Harrisville site. In reviewing a preliminary breakeven analysis, if Jefferson, Lewis and St. Lawrence counties all agree to participate we could put together a three county program that would save the region money in recycling, and increase the amount of recyclables coming out of the waste stream. At this time Jefferson County has indicated they would like to be a part of this and are reviewing the numbers to see if they can make this work. Authority staff is recommending a complete analysis of a materials recovery facility in Harrisville, Rodman, or another feasible location for the Authority to own and operate. In the interim, it is believed there are things that can be done to assist St. Lawrence and Lewis counties, along with incentivizing Jefferson County to come on board.

#### Materials Management Budget – P. Pastella

P. Pastella reviewed a chart of the waste received at the landfill per year showing how it remains relatively constant with spikes in years past due to contaminated soil and sewer sludge.

Reserve contributions are set at \$1.00 from the tips fees into the Replacement Reserve and \$2.75 into the Closure Reserve. Tipping fees have been unchanged since 2012 and are looking to be updated.

#### Profit and Loss -

Mattress recycling currently receives \$8.00 per mattress, but an increase effective January 1, 2022 is being suggested to help offset the cost. The currently mattress recycling cost is \$350,000, of which one third is reimbursed.

#### Operations and Maintenance -

- Large Parts increased due to the undercarriage replacement of a D6 dozer coming due.
- Fuel has been reduced based on historic usage and current fuel rates.
- Maintenance and repairs have been increased due to the additional operating hours anticipated for the second working face.
- Natural habitat enhancements continue to be an ongoing project with trail work, tree planting, habitat enhancement, and invasive species control. Since this remains an ongoing task it has been moved from capital projects to the operational budget.
- Monitoring and testing have been increased based on estimates from new permit limits.
- The Recycling Transfer Station wages have increased to include management and administrative staff. Overtime at the facility is attributed to hauling and snowplowing. Disposal Costs have been adjusted to reflect historic volumes. Hauling costs are based on the current operating scenario.
- The budget reflects the Authority subsidizing the RTS in the amount of \$568,000. This reflects the Authority paying the transportation costs which is being recommended to be discontinued meaning an additional \$200,000 would come off the cost.
- CRT Recycling is currently processed at no charge.
- Mattress Recycling is offset by county reimbursements.
- Tire recycling is 100% offset by counties.

- Sewage treatment increased based on the negotiated rate of 3.015 cents per gallon.
- Aggregate increased as additional supply will be required for the second working face.
- Consulting costs have increased to include a feasibility study regarding photovoltaic units at the landfill. Electricity from this could be used to offset the utility cost, or sold back to the grid for revenue.

#### Capital Projects –

Door Replacement – Two roll up doors have become unserviceable and require replacement for a total cost of \$40,000.

Roof Replacement – The roof will be evaluated, and approximately 14,000 square feet will be replaced for a cost of \$180,000.

Main Flare – The current flare is operational but requires a manual start and is becoming unserviceable. An evaluation in the amount of \$7,000 will be done this fiscal year to determine the size flare needed based on the landfill size following the expansion, as well as determine the best location relative to the current and future piping. The actual flare replacement would take place next fiscal year for approximately \$350,000.

Landfill Wellfield Expansion – 7 to 12 new wells are necessary to replace unusable wells due to settlement or falling. The total estimated cost would be \$300,000.

Sewer Jet Vacuum Truck – The 2010 truck is to be replaced in the amount of \$460,000. The current system requires jetting the entire length of the leachate collection piping at the bottom of the landfill. This truck is also used frequently to clean leachate tanks, clean manholes, clean wet wells, clean the storm water system, and to help clean any spills. This piece of equipment is frequently used and critical. The new unit will be retrofitted with 1,000 feet of hose to be able to deliver the flow rate and pressure needed for these tasks. Renting or hiring a contractor were both considered, but this is a very unique situation and there are no units available that fit these needs. If there was a unit available, it would cost \$15,000 to rent per month. Over a 10 year period this is \$700,000. There are routinely leachate blockages which need to be jetted to prevent overflows of leachate. If the Authority does not own the machine, it could take up to one week to get one we could use as they come from New Jersey or Ohio. The total estimated cost for a new machine would be \$460,000. The existing machine would be sold at an estimated \$125,000 or \$150,000.

Waste Heat Recovery Study – This study would be conducted to evaluate utilizing waste heat from the Landfill Gas to Energy plant and the heat generated in the landfill mass itself for heating and other beneficial uses. The total estimated cost of this evaluation would be \$30,000. This could result in an additional capital project.

Materials Recovery Facility (MRF) –An evaluation will be done in fiscal year 2021 to determine if a MRF is a potential solution for handling the recyclables at the RTS or another location. A primary engineer report will be completed, and the cost will be determined as a capital project following the completion of this evaluation.

F. Carter asked about the truck costing \$460,000 and if it could be leased because he is concerned about the amount of hours the truck would be used. He further asked what it would cost to lease one. P. Pastella replied the rental fee is \$15,000 per month. There is also not one available for rent with the proper hose length for what we need it for so it would need to be customized for us.

F. Carter asked if this same unit is usable in the sewer lines and everything we have on Fort Drum. P. Pastella responded yes it is.

## Technology – C. Farone

New York State Right of Way Fees – We are currently waiting to hear back from the state regarding the right-of-way fees. They are aware this is an issue. We are hoping for a beneficial outcome.

Pole attachment fees continue to increase. The pole owners are requiring that we hire a third party to do make ready work on the poles which is costing additional funding.

Cell towers will continue to be a major investment opportunity for revenue potential for the Authority in 2022, with 10 to 15 towers being predicted by the Technology division.

Central office enhancements will be critical in 2022.

## Technology Budget – D. Wolf

The operating Budget is similar to last year with the bottom line having increased by about 1.55%. The overall cash flow is positive, and the overall capital expenses are at about \$1 million less than last year.

Customer billings have increased by \$100,000. We are losing about \$200,000 in deferred revenue that has been amortized over the past five years. Telemedicine is down \$70,000. Schools are down \$25,000. Windstream is down \$30,000.

Expenses are up 1.2% in total.

Under the operations and maintenance side, off net circuits have increased due to the Authority now being on the New York State contract. Recent locations we've won are part of the St. Regis Mohawk Tribe, such as their gaming office and their office of mental health.

The Authority is still awaiting the final results on the New York State Department of Transportation (DOT) Fee. They have been charging us for current jobs resulting in the Authority being billed \$9,000

Outside plant maintenance and equipment maintenance were able to be reduced due to eliminating older equipment.

Operations and Maintenance is up 1.1%.

Office expenses are up \$38,000 for two reasons, anticipation of being able to travel more and filing fees. The filing fees are a new telecommunications relay service fee that all telecommunications companies will have to pay. The Authority was previously exempt, but now will have to pay \$15,000.

Professional fees have decreased by \$100,000 due to legal fees in dealing with the Windstream bankruptcy and the DOT fees. The regulatory 499 filings had to be changed as well.

Consulting fees should decrease this year because the three county study currently being done will be completed and won't carry into the next year.

Capital Projects – \$1.52 million

Demand based projects increased in anticipation of new customers and new wireless towers. 72% of the 1.52 million, or \$1.1 million, is demand based and will only be spent if awarded.

These projects include customer network constructions, wireless towers, DOT road projects, and emergency restoration.

There are no new initiatives for this year. A new agreement with Avangrid will not be ready until 2022. This agreement has already been signed, and the Authority Board has approved the funding.

#### Carry-Over Capital Projects-

Dense Wave Division Multiplexing (DWDM) - replacing originals from 2008.

Ethernet Services - This year Syracuse, Watertown, Potsdam, Plattsburgh, and Albany will be updated to 100G/second. All other rings will stay at 10G for now and will feed into these core routers to give them more capacity through the network. This older equipment will continue to be upgraded, such as in Canton.

F. Carter asked if the last one on the pole has to move the pole or do we remove. D. Wolf responded the last pole owner is to remove. We don't own the poles so this is usually the power company or the phone company as the law states.

#### Regional Development – C. Farone

Housing has a successful track record, and the budget anticipates at least one municipal housing program. There are currently two applications pending with New York State for affordable housing lending in the Villages of Massena and Tupper Lake. Regional Development will assist the municipalities to obtain needed grant funding. When the grant has been awarded, we will help administer the program. A more proactive role will be taken this year by Regional Development. They have also responded to a request for statement of interest to St. Lawrence County.

A Query tool has been recommended by the Joint Land Use Study. This tool can help communicate potential encroachment issues between Fort Drum and surrounding communities.

Based upon local government data collection, Regional Development and Engineering have been working with municipal partners to address their needs and determine if there is a service the Authority could be providing.

An OEA Grant that was received for the Fort Drum Symposium, providing an opportunity for local and elected officials, and planning and zoning boards to learn more about Fort Drum's mission.

As interest income declines, so does the Regional Development budget. This results in Regional Development being affected by this decrease more so than any other division. If we have these funds available, we are working hard to get them out to borrowers.

#### Regional Development Budget – M. Capone

Customer Billings are projected to decline by 17% due to the completion of projects such as the Community Block Development Grant housing program.

Grant revenue includes funding to complete the Office of Economic Adjustment grant, which includes the query tool and the symposium at Fort Drum. \$750,000 is proposed of New York State grants for loans what will be closing through the North Country Redevelopment Fund, the Tourism Fund, and the Value Added Ag Fund. A marketing firm has been contacted to provide a workforce attraction retention program and a business attraction retention program for the three counties.

Loan interest is down, but is not reflecting new loan closings. Kelsey Creek was on the books for approximately 35 years has recently been paid in full. This was a considerable amount of interest income that will be coming off the books. COR Arsenal Street will be paying full payments on September 1, 2021. To increase loan interest, we need to increase lending. Due to recent stimulus programs, many businesses don't want to borrow additional funds if they don't need to.

Miscellaneous Income is down. Annually we would get a developer fee for our participation in the Summit Wood project. This is based on cash flow and they have not made a payment in 2 years.

Marketing for the Drum Country New York Initiative has caused some high level expenses. It has been decided by the three county economic developments that the \$5,000 annual contribution is sufficient to implement the initiative because there are funds established within the National Grid funds.

There is a project development agreement for the Beaver Meadow project, which is in year 6 of 10.

Employee mileage reimbursement increased assuming there will be additional travel due to housing projects.

Consulting, to include Drum Country and the New York Initiative, will be paid by the National Grid grant.

JCC (Jefferson Community College) Community Studies survey, the Procurement Technical Assistance Center, Grown and Certified Grant Program Query balances, and the completion of the query tool are being paid for by OEA.

\$1 million was paid back to Jefferson County for the Community Rental Housing Program at the county's request.

There is no bad debt expense projected for this year as no loans are foreseen as being recommended to be written off. A loan under the Value Added Ag Program was written off to Steven Winkler and all money was recovered last year.

#### Water Quality – C. Farone

There are four budgets under Water Quality.

C. Farone reviewed budget elements, discussing the similarity with last year regarding certified licensing operators.

Disinfection By-Products are similar to last year. The Authority is at the mercy of who the water is purchased from. An aerator has been installed and there is success in removing the by-products. The Authority will continue to monitor these levels and maintain quality water.

Army Sewer Line rates are increasing due to increased costs to the City of Watertown and capital costs from the previous year.

The Regional Water Line shows an increase due to the rates increasing from the Village of Cape Vincent.

The Army Sewer Line, Army Water Line, and Regional Water Line are all break even budgets.

#### Water Quality Budget – B. Nutting

A new operator was hired last year which increased wages.  
A new vehicle will need to be purchased for the new operator.  
Customer billings are projected to increase due to the cost of wastewater treatment having increased by 16.5% for the Army and 4% for outside users.  
The cost of sewage treatment has increased based upon flow.

Under the Army Water Line, rates will stay the same based on flow and historical records.  
There is an increase in wages due to cost of living, as well as the Chief Operating Officer salary pulling from this budget.

C. Farone stated there will be a meeting with Fort Drum next Wednesday to review the cost implication line by line and get their agreement with the budget.

Within the Regional Water Line there has been a 1.5% increase in water rates. This is due to Cape Vincent's increased operating costs. The water rates have increased by 4.5%, and the fixed costs have increased 1.5%. Interest income has decreased. C. Farone stated this information has been reviewed with the RWL partners and we are awaiting comment.

A revenue increase has been predicted for the water/sewer contracts with the municipal partners of about \$17,000 from the previous year. This is due to new contracts in places such as the Town of Lisbon, Thousand Islands Bridge Authority Water/Wastewater Treatment, Boldt Castle Yacht house, AmEx Station and the Rift Camp.

#### Capital Projects –

Aging infrastructure and Equipment - HVAC has been evaluated and 10 different heating and cooling systems were detected due to many additions and renovations. A consultant has come and provided recommendations and a design for a new system. Critical air handlers need to be replaced in the amount of \$190,000.

Alternate sources for wastewater treatment – the City of Watertown has indicated they may not be willing to allow for additional outside users to connect to the sewer line or water line. We recommend an engineer review the available options in the event the city does not allow more outside users to connect. Within our contract with the city, there is available allocation for more users.

F. Carter stated the city isn't against extending to outside users, but would want to charge more. C. Farone responded that the city wants to charge the outside users more than what our contract currently provides. The city feels that by providing the water outside the city, they will be encouraging people to relocate outside the city, causing concern about their general fund.

In reviewing the Army Water Line, the water coming from the city is not great quality and is causing problems to some outside customers with the disinfection byproducts. A system has been put in place to remove them on Fort Drum, but there is currently no help for the municipalities.

Regional Water Line Budget carries over a couple of capital projects to include replacing the last half of the bolts as this project was delayed due to COVID and weather. The Town of Cape Vincent pump station generator needs to be replaced. This will be done by the town, and the Authority will pay for half of the project. The Village of Dexter is going to replace the main line from the water pump station to the village. During this process, Dexter would like to have another connection to the Regional Waterline using their emergency grant money to assist paying for this. They then asked the Regional Water Line to help offset those costs that wouldn't be covered by the grant money. This is currently estimated at \$100,000, but we are waiting to hear from their engineers. This could be helpful in providing a second source for the Regional Water Line if a break occurs south of Limerick.

## Engineering – C. Farone

There has been a steady period growth that is now beginning to stabilize from a revenue perspective. Licensing for engineering staff will continue to be looked at. Even during COVID, engineering has been successful in getting staff in the plants to get the contact hours they need to obtain licensing. GIS services continue to be provided for 70 customers in five counties. There has been a decline in state funding which impacts the GIS revenue. Staff flexibility support resulted in increased municipal requests for other engineering services has resulted in a stabilized revenue for the division. Engineering and Regional Development have also been working together on implementing additional value added GIS services for hosting customers.

## Engineering Budget – C. Tuttle

Revenue is consistent with last year, although down \$62,000 but still holding at \$1.2 million. 48% of revenues are coming from water quality management service contracts such as Ogdensburg, Malone, and Clayton.

29% of revenues are Technical Engineering Services to include asset management, planning, rate studies, and project management for large water and wastewater projects.

10% of revenues are coming from SCADA services, for an increase of 4% over last year.

10% of revenues are coming from GIS services, with a decrease of 12%. While not a lot of revenue, there is also not much overhead for these 80 contracts. \$50,000 has been budgeted to be able to respond to additional requests.

Expenses are down by \$45,800 this year for a 4% decrease.

A full time position was eliminated. COVID forced changes to improve efficiency of services.

There is a decrease in the pass through expenses for the state of equipment for about \$27,000.

An increase of \$8,000 for continuing education has been budgeted this year for an employee pursuing their bachelor's degree in electrical engineering.

There is a decrease budgeted under office rent due to staff working in the field to gain contact hours that are needed for licensing requirements.

C. Farone continued with a review of the Reserve Summary and the Reserve Narrative. The Authority does have sizeable reserves, however these are necessary. Each reserve was reviewed by dollar amount and purpose.

A review was given of the debt summary noting there is nothing out of the ordinary, and the Authority has \$20 million in outstanding debts but there are no new debt actions this year.

C. Farone reviewed the listing of year to date capital projects that have been previously authorized. Items shown in yellow were recommended to close as capital projects. These are items that have been ongoing for many years. Closing these allocated capital funds will impact available funding, and if any of these projects were to come up again, they would be brought before the Board for approval. There is no need to keep them open.

C. Farone states that it is his hope that after going through the budget in detail today, that the budget can be reviewed and approved at the February 25<sup>th</sup> Board Meeting, rather than in March. This will allow the Authority ample time to notify customers of any rate increases, and begin to move forward with the upcoming fiscal year.

A. Calligaris asked how much was set aside for salary increases. C. Farone responded the budget reflects a 4% increase, similar to what was done last year. A. Calligaris stated he is concerned about the optics since so many companies in the private sector are still suffering due to COVID. C. Farone responded that over the past 12 months, there has been a churn in the Authority workforce by about 10%. Because of this, it is proposed that the Authority do a wage analysis. The Authority is very fortunate, with staff working harder now than they have in the past because of Covid. From a management perspective, being consistent with what was done last year will give the ability to do

what we need to do. Due to structure used in years past, everyone will not receive a 4% raise across the board, but instead it will be scaled.

F. Carter stated that he spoke with C. Farone about the 4%. He is concerned because there is also a 4.2% increase in health insurance, and would like to go back for five years on the health insurance to see the actual costs being paid out for employees because they seem to be pyramiding. Regarding the wage pool, F. Carter agreed with A. Calligaris that there are many people not getting wage increases.

C. Tuttle stated there has been an issue retaining employees, especially in the technical group. When reviewing the critical issues this year, the turnover in engineering has drastically increased. The employees who left had been here for years with much training invested in them. They not only left, but they were able to stay local and receive a significant increase in compensation. We are finding our salaries are not competitive in certain positions and this is costing the Authority. What is not seen within the wage pool, is seen within losses of efficiency and increased costs due to repetitive training and retraining. A wage compensation assessment is critical as we need to stay competitive.

A. Calligaris commented that every company is in the same position, especially private industry. They could also complain about non-profit and federal increases. He also requested that the Authority be sure to include healthcare as part of their negotiations.

C. Farone stated fringe benefits increased .04%. He further asked if it is doable to think we can approve this budget in February.

M. Murray agreed that it is doable to review and approve the budget at the February 25<sup>th</sup> meeting as long as there are no huge changes. C. Farone said the budget is complete from a staff perspective, and resolutions will be prepared.

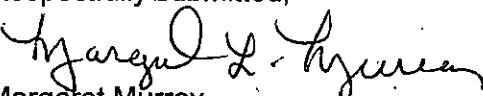
T. Hefferon asked when the wage study could be done. C. Farone responded April. T. Hefferon stated that private industry is losing people to DANC because the government can pay more than private industry. He further stated he would like to know where the people that are leaving are actually going.

A. Calligaris asked to be sure to include the benefits. C. Tuttle commented that for those who have been in the state retirement system for many years, the retirement has declined. People who have been in the system for five years or less are receiving benefits from the state retirement system that are no better than what they would receive in the private sector with a matching 401K plan. Over time, tier 6 has become less of a benefit for the young employees coming in. The Authority health care is significantly higher than many of our municipal partners. She agreed that total compensation does need to be reviewed and considered. A. Calligaris stated he is not talking about other municipalities, but rather private industry.

Upon a motion by F. Carter, and seconded by T. Hefferon, the Fiscal Year 2021–2022 Preliminary Budget, was unanimously approved by the Finance and Budget Committee and recommended to the Board for approval.

Upon a motion by A. Calligaris, and seconded by M. Murray, the meeting was adjourned at 12:14 PM.

Respectfully submitted,

  
Margaret Murray  
Chair, Finance & Budget Committee