

## MINUTES

### FINANCE & BUDGET COMMITTEE MEETING

Thursday, February 8, 2024 – 10:30 AM

Warneck Pump Station

James W. Wright Conference Room and Zoom Videoconference  
Watertown, New York

The Development Authority of the North Country Finance & Budget Committee met in regular session at the Warneck Pump Station, James W. Wright Conference Room, Watertown, New York, on Thursday, February 8, 2024, at 10:30 AM.

#### Committee Members - Present

Eric Virkler, Chair  
Thomas Hefferon  
Alex MacKinnon  
Kenneth Bibbins  
Brian McGrath\*

#### Committee Members - Absent

Nancy Henry

#### Other Board Members Present

Margaret Murray, Board Chair  
Mary Doheny\*  
Stephen Hunt\*

\*Attended via videoconferencing

#### Staff Present:

Carl Farone, Executive Director  
Jennifer Staples, Chief Financial Officer  
Carrie Tuttle, Chief Operating Officer  
Stephen Bohmer, Director of Information Technology  
Dawn Caccavo, Comptroller  
Michelle Capone, Director of Regional Development  
Laurie Marr, Director of Communications and Public Affairs  
Brian Nutting, Director of Water Quality  
Regina Rybka-Lagattuta, Director of Human Resources  
Shawn Thornton, Director of Materials Management  
David Wolf, Director of Telecommunications  
Jacqueline LeClair, Assistant Director of Telecommunications  
Angela Marra, Executive Assistant  
Tonya Cumoletti, Administrative Associate

#### Guests:

Jennifer Granzow  
Robin Davis, Procurement Coordinator

1. Committee Chair Virkler called the meeting to order at 10:31 AM.
2. C. Farone requested the roll call.
  - A quorum of the committee members was established.
3. C. Farone introduced Jacqueline LeClair as the newly hired Assistant Director of Telecommunications to the Board.
4. Review of the 2025 Preliminary Budget

E. Virkler stated that the purpose of today's meeting was to review the 2024/2025 proposed budget, and potentially forward the budget on to the full Board for approval at the next meeting on February 22nd.

C. Farone began the preliminary budget review process by thanking the Board members for participating. He continued by explaining that division directors were tasked with evaluating the operating capital requirements of each of their respective divisions to ensure we are serving our customers in the best manner and at competitive prices. C. Farone stated that the Authority's primary service area is Jefferson, Lewis and St. Lawrence Counties, but we also have contracts in Oswego, Franklin, Hamilton, Essex and Warren Counties. We also have partnerships with the federal, state, and local governments, including Fort Drum, US Customs, New York Power Authority, and over 85 municipalities. The Authority's success is credited to our commitment to mutual agreements for mutual benefit, we go where we are asked and do not try to force ourselves into any of the municipalities.

#### Human Resources –

C. Farone stated our priority is developing and implementing programs for recruiting, coaching, and retaining qualified staff. We currently have only two vacancies. We believe the key to future success is engaging current staff and understanding where they want to be within the organization. Management is recommending a wage pool of 4.75% of payroll for merit based increases and any reclassifications or adjustments. The age of the Authority workforce is something we will need to prepare for with 42% of our staff over the age of 50, meaning more change within the Authority over the next 10 years.

An additional maintenance technician assistant is being recommended to work between Materials Management and Water Quality. This person would be responsible for picking up litter and cleaning the buildings, as well as performing various maintenance tasks such as mowing lawns. We have had difficulty in hiring temporary staff to do litter picking and have had to pay overtime to existing staff. This position would free up water quality staff to work on more technical assignments, eliminate third party labor from the Materials Management budget, and reduce overtime.

We are continuing with the same health insurance plan we currently have, Bronze 4 Health Insurance Plan with Excellus Blue Cross. The health insurance premium itself increased by 14.1%, and the deductible increased by 6.7%. The Governance Committee has decided that this will be the first year that staff would be responsible for paying a portion of the deductible, the last \$500 for an individual, or \$1,000 for a family. The Authority provides retiree post-employee benefits to employees who have been with the Authority for 20 years. Based upon an actuary analysis done every three years, we fund \$3 for each hour the employee works into a reserve fund to pay for these benefits. New York State Pension employer contribution rate has increased 2.37% over the previous year across the different tiers. Workers compensation saw a reduction of approximately \$9,500 over last year. There were no changes to the Organizational Chart from last year.

## Capital Budget –

C. Tuttle reviewed the previously authorized capital projects within our five-year capital plan. Fiscal year end 2024/2025 total project costs significantly decreased, mainly due to the Army Sewer Line project. There are several carried over projects that staff will be working on, but they will not appear as newly appropriated projects. Significant Fiscal Year 2025 projects will be discussed in detail under the individual budgets, to include the buildout of cell 14 in the southern expansion, Closure V project under Materials Management, 56 wireless tower upgrades from 1G to 10G, security camera upgrades at Water Quality, and as normal planned equipment replacements and upgrades in accordance with our asset management plan. C. Tuttle explained that the asset management plan is a large part of the budget process every year where each division completes a detailed plan that reviews all of our assets replacement costs, useful life, and work order history. This information is maintained within a computerized management system by our engineering group and used to help make planned decisions about each asset.

## Administrative Division Budget –

J. Staples reviewed several items within the division budget elements, to include information technology security, interest earnings, liability insurance, and retiree health insurance.

## Administrative Capital Projects –

J. Staples continued by covering the Administrative Division's profit and loss statement and capital projects; calling attention to such items as miscellaneous income, gain on sale of assets, investment interest income, total salaries, fringe benefits, office and administrative, office rent, lease ROU, interest expense, public information and advertising, office equipment, training and development, and accounting fees.

B. McGrath asked why the consulting line doubled as well. J. Staples responded that is due to a plan in fiscal year 2025 for the leadership team to do a Harrison Assessment, which is a talent analytics assessment.

A. MacKinnon asked about interest income, and if the main types of investments we use are CDs rather than stocks, and further stated that the rates have probably peaked as the Fed is talking about reducing interest rates by small amounts, which will affect these types of investments. J. Staples replied that we invest in short term investments so as they are maturing we are still seeing the higher rate meaning we will see an increase in interest when the lower investments made during tough times come due. She further stated that she and Carl recently met with RBC, who feels that the rates are going to stay around 4% short term. She further explained we mostly do CDs, US Treasuries, federal housing investments, but everything is secured and insured to reduce our risks. C. Farone continued by explaining that the average interest rate that we used is around 2% and now we are conservatively investing at 4%, and as J. Staples said we have investments maturing at 50 basis points.

J. Staples continued with a review of the capital projects under the Administrative Division such as fleet vehicles, server replacement, internet redundancy, and the ESRI software and internet mapping application upgrade. She offered details on the fleet vehicle replacement process by explaining which vehicles we are looking to replace in fiscal year 2025.

A. MacKinnon commented on the notion of electric vehicles by stating that while they are experimental and controversial, there are pros and cons. He feels that in keeping with our effort to recycle and be environmentally sensitive, maybe it is time for the Authority to see if this would be a good or bad idea. He further commented on research he has done, and a friend's experience involving a recall and the cost of battery replacement being upwards of \$35,000. He has heard that in certain political circles they want to eliminate internal combustion engines within

so many years. The use of an electric vehicle seems to be contingent on how you would use it, and may be a good option with one of the Authority's Ford Escapes. C. Farone explained that a full analysis was done by our engineering staff and it was determined that we could potentially convert one or two vehicles to electric because they do not drive long distances. However, we move vehicles between divisions based on usage. Today, if a vehicle has low mileage after two years, it can be swapped with a vehicle that may have high mileage in a position that does travel a great deal. If the vehicle were electric, this swap would not be possible.

A. MacKinnon stated that the electric vehicle may work out if it is not in an essential position. He continued by citing an example of electric school busses in Canada with over one million miles on them and they seem to work good there. He further stated that it might be an experiment to see if it is going to work, like the mattresses were an experiment, to keep in line with the Authority's commitment to energy conservation and recycling. He reiterated that he was not suggesting we replace all 41 vehicles, but that maybe we look at one and try it in different locations.

B. McGrath stated that a presentation on electric vehicles has been made to the Board and the conclusion was that regarding range, cost, and fleet use, this was not the right fit for the Authority. A. MacKinnon agreed that the presentation had been made, but further stated that his point was that until you actually have one and can review your own use and experience because the estimates might be different from what can be found on the internet.

E. Virkler asked A. MacKinnon if he was asking that the Authority should continue to consider the potential of having an electric vehicle. A. MacKinnon replied that it is experimental and we really do not know how it would work. He further explained a personal example with electric golf carts. C. Tuttle explained multiple points that had been previously discussed in a presentation to the Board, such as that 95% of our vehicles are for on-call personnel and are kept at their home, possibly without proper inside storage or electrical service. The only other vehicles left were a few pool vehicles, which are currently getting 30 miles per gallon and would not present significant savings by switching to electric. Another point was our cold climate and the inability for electric vehicles to sit in a cold parking lot, plus charging times would be increased with colder temperatures and both of these points limit how our staff can utilize these vehicles.

A. MacKinnon expressed concern about a statement from the Governor that gas-powered school busses will not be available after 2035. C. Tuttle stated that several goals that have been set are not achievable at this point because the technology does not exist. There are many safety issues and charging issues, specifically with school busses, making this a complicated issue where all points may not have been considered when the timeline was rolled out.

E. Virkler stated that A. MacKinnon's point is a good one, and asked that we continue to consider the potential for electric vehicles in the future.

J. Staples concluded the Administration budget presentation, by covering server replacement, internet redundancy, and the GIS ESRI software and internet mapping application upgrade.

#### Materials Management Budget –

C. Farone and S. Thornton reviewed each of the items within the Materials Management Division (MMF) Budget Elements, beginning with an explanation of tipping fees.

B. McGrath commented that he is in favor of the incremental increase approach in tipping fees, and further asked if this information was favorably received with the communities and our partners, and do we have a forecast for how long the incremental increases will continue. C. Farone responded that following a presentation he gave before the Jefferson County legislature, the increase was well received and understood. Even with the recent increases, we are still less expensive than any other landfill in the state.

A. MacKinnon stated that people in St. Lawrence County has grumbled a bit about the increase, but understand it is still the best deal as far as cost is concerned. C. Farone stated that our 50 year projections through closure, and another 30 years beyond that needs to be submitted to DEC. Some of the results we do not have a choice on, but we feel the incremental approach is the right decision, followed by communication and education. He further explained that there is still a projection to utilize funds from the Tip Fee Stabilization Reserve because we are still not where we need to be to break even under Materials Management, but this is also why the reserve accounts were created. A full analysis of the capital reserve requirements to support the southern expansion has been completed and it is estimated that additional tipping fees of \$5 per ton will be required by fiscal year 2027. While we anticipate being where we need to be for reserve requirements, this is not including operational expenses.

C. Farone continued identifying the MMF budget elements, including waste volumes, leachate management, dual working faces, and LFGTE revenues.

S. Thornton discussed waste diversion, waste composition studies, partnership building with the counties, the household hazardous waste program and monthly paint collection events, assisting the North Country Library System with hardcover book recycling transportation, recycling coordination with Fort Drum, and the analysis of recyclables within the landfill.

A. MacKinnon commented that he heard S. Thornton was one of those who physically looked through the items within the landfill, which adds credence to the information.

C. Farone discussed tonnages, historical trends, and the allocation of tip fees before continuing with a review of the profit and loss statement, highlighting items such as customer billings, other income, gain on trade-in of assets, which is a requirement of the new audit firm, interest income, total salaries, fringe benefits, natural habitat enhancements, closure/post-closure costs, and host community benefits.

A. MacKinnon commented that he has noticed that Geiter Done in Harrisville is not active, but must have employees there as their roads have been plowed and are maintained. C. Farone stated that they have at least one full time employee and they are working on their DEC permit.

#### Materials Management Capital Projects –

C. Tuttle continued with a summary of the five-year plan for the capital projects at the Materials Management Facility. She discussed the replacement and importance of the landfill gas flare and the expansion of gas collection locations. C. Farone added that we are doing this work to be a good neighbor and help eliminate as many of the fugitive emissions as possible. This also becomes another revenue stream by generating carbon credits through the Climate Action Reserve.

C. Tuttle continued by discussing other projects such as the preliminary engineering and feasibility analysis of the new borrow area and replacement of large, expensive pieces of equipment in accordance with our asset management plan.

A. Mackinnon asked if the black dotted line shown on the map on page 39 was the boundary of the property. C. Tuttle responded yes, and offered a detailed review of the map.

C. Tuttle continued covering capital projects by reviewing previous, current, and future closure projects to complete phase one of the landfill, design and construction of cell 14, vector control plan, natural resource management plan, landfill, manhole and side riser improvement project, and security cameras.

#### Telecommunications Budget Elements –

D. Wolf presented the items within the Telecommunications Division Budget Elements, including several items from the prior year, such as maintaining the level of service, significant network build out, 56 cell towers and closing the digital divide.

#### Telecommunications Capital Projects –

D. Wolf reviewed the Telecommunications Division's profit and loss statement and capital projects, calling attention to such items as increased revenues and salaries. Under operations and maintenance, he reviewed maintenance contracts, equipment maintenance, other maintenance, and office and administration.

D. Wolf reviewed the capital plan projects beginning with the Dense Wavelength Division Multiplexing Project (DWDM), Customer Network Construction, Wireless towers, continuation of the Ethernet Core Network Upgrade, demand based wireless tower service, central office enhancements, fiber augments, and the replacement of fiber management software.

#### Regional Development Budget Elements –

M. Capone reviewed continued efforts to enhance Fort Drum and continued housing programs through various grants and funding programs, to include the CDBG program and the HOME ARP program. C. Farone stated we would talk about the HOME ARP funds at our March meeting. M. Capone also discussed the continued work on investment income and broadband.

M. Capone explained Next Move NY and that the North Country Regional Economic Development Council received \$10 million as part of the Governor's initiative. The focus was on making connections between transitioning soldiers and their spouses to North Country and statewide employers. The Authority is waiting on the next steps regarding how we apply for these funds. We anticipate bringing this to the February Board meeting. These numbers are not reflected in this budget, so for that purpose a resolution would be needed to establish a working budget for this initiative.

#### Regional Development Budget –

M. Capone discussed items from the Regional Development Division's profit and loss statement to include customer billings and the housing programs behind them, New York State grants, Empire State Development (ESD) funds, marketing, purchase for resale, and consulting. She commented on host community benefits that are in year nine of ten, with next year being the last year for that agreement and payment paid from interest earned through the community rental housing program.

#### Water Quality Budget Elements –

B. Nutting discussed each of the following elements from within the four Water Quality Division Budgets, to include certified qualified licensed operators, removing scheduled overtime, disinfection byproducts, Army Sewer Line, Army Water Line, Regional Water Line rates, Regional Water Line capital reserve, and Regional Water Line capital projects.

#### Water Quality Capital Projects –

B. Nutting began with discussing the profit and loss statement and capital projects for each of the Water Quality Divisions; Army Sewer Line, Army Water Line, Regional Water Line, and contracts for operations with municipal partners. The budget highlights discussed by B. Nutting from these divisions were customer billings, salaries, overtime wages, fringe benefits, sewage

treatment, employee meals and incidentals, employee lodging, training and development, utilities, fuel, interest expense and capital billings.

B. Nutting reviewed the profit and loss statement beginning with the Army Sewer Line, which seems to absorb the brunt of these charges but there is an allocation out to the other three budgets. He began with customer billings, wage increases, safety equipment supplies increase, office and administrative, employee lodging, meals and incidentals, and auto/light truck rental/lease.

C. Farone noted that we have met with the Army at Fort Drum and they approved these budgets. He further stated that the Army Water Line and Army Sewer Line are zero-based budgets, meaning we will be reimbursed for the costs we incur.

B. Nutting continued with the Army Water Line, stating that there are many similarities to the Army Sewer Line, but noted the \$5 million in federal grants shown in revenue, increase in fringe benefits, and an increase to repairs and maintenance due to work done with the disinfection byproduct removal system. Moving on to the Regional Water Line, there are notable increases to customer billings, fixed costs, and the contribution to the Town of Cape Vincent generator reserve. Lastly, Water/Sewer contracts show increased customer billings and a review of the water sewer rates that are based upon predictions of usage for our customers and the Army. C. Farone commented that we have had ongoing conversations with Fort Drum regarding these rates, and while we provided them with projections back in August, they have come in substantially less than anticipated.

T. Hefferon asked what fiscal year the new settling tank and new filters would be included in. C. Farone responded that they should be two to three years out. C. Tuttle stated that they have borrowed money and will have to make a payment within two years of when the money was first borrowed. It will not need to be paid in full at this time. C. Farone stated that they have passed a bonding resolution, but have not yet borrowed any funds so they are still going through the process. T. Hefferon stated they would then need to begin paying the construction companies in 2024 when they begin receiving bills. He further asked if at that time, will the Authority be paying 30% of this. C. Farone replied that we have met with the city manager and discussed the Authority being more involved in the monthly meetings. We are also trying to identify more grant money, and once the bonding payment begins then the city would bill us for our proportionate share. This will not be for a few more years, and will be bonded for 30 years. They are currently funding from their coffers, and we anticipate receiving a bill.

B. Nutting continued by explaining the calculation of the kGal rate for the Regional Water Line, and water purchased.

B. Nutting reviewed capital projects for this year, to include the upgrade to security cameras at the Warneck Pump Station, the Perch River crossing in the Town of Brownville, and the replacement of a water meter in the Town of Cape Vincent.

#### Engineering Budget Elements –

C. Tuttle reviewed the items within the Engineering Division Budget Elements, to include staffing levels. C. Tuttle explained how the engineering budget reflects the support provided to the other divisions through such things as writing asset management plans, helping to manage capital projects, and environmental permitting and pole attachments. These projects do not show up under the engineering budget, but as engineering wages in the appropriate division's budget.

#### Engineering Budget –

C. Tuttle continued with a review of the profit and loss statement and capital projects for the Engineering Division, highlighting items such as customer billings, wages, decreased revenue,

operations and maintenance, and the purchase for resale for the SCADA control equipment that is passed through to the revenue listed above. She also explained that the engineering allocation is prorated and based upon the staff time we spend supporting the internal division projects.

C. Farone concluded the budget presentation by stating that also included in the budget packet is the reserve summary and narrative, debt summary, a listing of any debt actions, and the debt narrative. A complete listing of all current capital projects was also included, as well as a listing of municipal partner contracts, the budget calendar, a budget risk assessment, revisions and reconciliations, and the summary of all units showing all Authority divisions as one operating unit. Lastly, we have the MWBE goal plan information showing history and current information.

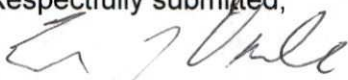
A. MacKinnon stated he has been involved in this process for a long time, and when he looks at all the maps and contracts and sees all the positive things being done in the four partner areas, it is a service well provided and we seem to be doing exactly what we should be doing with this organization. He further stated that this is also one of the only organizations providing services that affects every man, woman and child in this area every single day.

E. Virkler concluded by stating that this is a complicated budget, and a great job has been done by the whole team.

Upon a motion by E. Virkler, and seconded by T. Hefferon, the Fiscal Year 2024–2025 Preliminary Budget, was unanimously approved by the Finance and Budget Committee and recommended to the Board for approval.

Upon a motion by K. Bibbins, and seconded by T. Hefferon, the meeting was adjourned at 12:42 PM.

Respectfully submitted,



Eric Virkler  
Chair, Finance & Budget Committee