



MINUTES

FINANCE & BUDGET COMMITTEE MEETING
Thursday, February 13, 2025 – 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 13, 2025, at 10:30 AM.

Committee Members - Present

Eric Virkler, Chair*
Kenneth Bibbins
Thomas Hefferon*
Alex MacKinnon

Committee Members - Absent

Brian McGrath
Nancy Henry

Other Board Members Present

Margaret Murray, Board Chair

*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 Loudon, 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
Ben Cruz, Next Move NY Program Administrator
Angela Marra, Executive Assistant
Tonya Watson, Administrative Associate

Guests:

Jennifer Granzow

1. Committee Chair Virkler called the meeting to order at 10:30 AM.

E. Virkler stated that the purpose of today's meeting was to review the 2025/2026 proposed budget, and potentially forward the budget on to the full Board for approval at the next meeting on February 27th.

2. Committee Chair Virkler requested the roll call.

- A quorum of the committee members was established.

3. Review of the 2026 Preliminary Budget

C. Farone expressed appreciation to all attending today's meeting in spite of the weather. He began the preliminary budget review process by thanking the Board members for participating, and continued by expressing his appreciation to all division directors and finance staff, especially J. Staples and D. Loudon, who were tasked with assembling this package. The 2026 budget is developed utilizing the Board certified Strategic Plan to ensure that we stay focused on the core objectives. This year is important as it marks the Authority's 40th anniversary. C. Farone reviewed the Authority's history, creation and purpose, as well as accomplishments and challenges. Next Move NY is new this year. The Authority is now 100 employees strong and we continue to grow, not as a goal, but to meet the needs of our municipal partners. It is crucial to the success of the Authority that we remain fiscally responsible.

A. MacKinnon shared that he is a long-time elected official, having served on the Board of Legislators during the time of the Authority's creation when we were getting involved in garbage. The county was very split and felt it was a Watertown problem and they were telling all others what to do. Now St. Lawrence County is the biggest current user, and sees the value of the Authority. This is 180-degree shift in feelings shared by most of St. Lawrence County. When the price is compared between Rodman versus downstate, we have served the people well. Hats off to all who implement the process and the Board of Directors.

C. Farone continued with covering the basic elements of the budget, while the division directors spoke about their specific divisions.

Human Resources –

C. Farone stated we will keep reviewing staff, working with staff, and ensuring that we hire and retain the brightest individuals possible. We continue to coach, train, and listen to staff so we can develop them into the next leaders of the Authority. We are taking succession planning very seriously as current staff approach retirement. We continue to review wages and benefits to ensure we remain competitive. We currently only have three vacancies, and two of these are within the newly formed Next Move NY. C. Farone continued by reviewing age demographics and how this is used to evaluate and communicate with staff regarding retirement plans. He continued by stating that the budget was built with a wage pool of 4.5%, which is down a quarter percentage from the previous year to provide for any anticipated adjustments for staff, including seven staff that were previously authorized in FY25.

Health insurance costs continue to increase with this budget including \$1,268,000 in health insurance premiums, which is an increase of 4.9% over last year. The self-funded deductible also increased by 3.8%. Staff will continue to be responsible for paying a portion of the deductible, the last \$500 for an individual, or \$1,000 for a family. The insurance plan is built around the employee's contribution being 27% of the health insurance costs, while keeping the individual cost within the limits of the Affordability Care Act. Post-employee retirement Benefits continue for Authority retirees, being funded by \$3 per hour for every employee hour worked and is put in the Post-Employee Benefits Reserve.

NYS Retirement employer contribution rates increased by 1.4% over last. We have an increasing number of Tier 6 employees whose contribution is 12.7%, while Tier 3 or 4 is at 19.5%. Workers' compensation has remained stable overall.

There was one small change to the Authority Organizational Chart moving the Environmental Health and Safety Engineer from reporting directly to the COO to a member engineering division of the Authority. This makes sense because environmental health and safety is another service of the Authority.

Capital Budget –

C. Farone continued with a review of the proposed 2026 Capital Budget of \$6.8 million, down from the \$29 million in 2025, but there will be many Capital Projects in 2026 because some projects approved in previous years will be carried forward. Examples of this would be the \$11 million to be spent in 2026 for a project that was approved in previous years for the design and construction of cell 14, \$9 million for closure five, and \$3.6 million for the Southern expansion landfill gas tie-in. The amount of Capital Projects taking place at the landfill in 2026 will result in a member of the Engineering staff being placed full-time at the landfill this summer.

Administrative Division Budget –

J. Staples reviewed several items within the division budget elements, to include information technology security, interest earnings, liability insurance, retiree health insurance, and the ERP System. The ERP System will continue this year with the selection process anticipated to begin in July.

Administrative Capital Projects –

J. Staples covered the Administrative Division's profit and loss statement and capital projects; calling attention to such items as miscellaneous income, gain on sale of assets, salaries and fringe benefits, office and administrative, professional fees, computer maintenance, and the electronic content management expense.

J. Staples continued with a review of the one capital project under the Administrative Division this year, fleet vehicles. She reviewed details on the fleet vehicle replacement process and explained which vehicles are looking to be replaced in fiscal year 2026. C. Farone further commented that even vehicles with low mileage may be considered for replacement because we also consider vehicle condition as a factor.

Materials Management Budget –

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

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

S. Thornton discussed waste diversion, household hazardous waste and five collection events, beginning work on our next 10-year local solid waste management plan, and funding the recycling coordinator position.

S. Thornton also commented on the rate increases by explaining that we do review the fees charged at many different landfills within New York State to ensure we remain less expensive than the state average. C. Farone further stated that it is important to communicate this information with our county partners and the City of Watertown to ensure everyone understands where the money is going and why it is required to change.

C. Tuttle reviewed landfill tonnages and S. Thornton continued by reviewing the Profit and Loss beginning with fuel and leachate, professional development for education, engineering allocation, and leaving the bottom-line budget relatively flat going into the upcoming year. C. Tuttle reviewed interest income decreasing due to more funds being utilized out of the reserves and less funds being invested. Additionally, this budget includes utilizing the Tip Fee Stabilization helping to bring some of these budgeted items in under budget.

M. Murray asked with the mattress recycling showing as \$0, have any other expenses increased because of this. C. Tuttle responded we haven't seen other expenses, and if anything, there is more revenue with the mattresses being part of the waste stream. C. Farone stated that as soon as we began the Southern Expansion, we needed to have 10 years funding in the account to close the maximum open acres for the entire life of the landfill, and we have to have enough money in the bank in 10 years to prepare for that. Additionally, we need to have enough money in the account to prepare and maintain the landfill for 30 years post closure.

A. MacKinnon further commented that we need to remember to adjust for inflation as well. J. Staples explained how inflation is taken into consideration and each year we provide the DEC with financial assurance that this requirement has been met. C. Farone explained that additional money has been put into the reserves, and C. Tuttle reviewed the reserve and capital requirements listing what is going into the replacement reserve, liner reserve, closure reserve, capital reserve, and tip fee stabilization.

Materials Management Capital Projects –

C. Tuttle continued with a review of the capital projects and the budgeting process involved in updating our asset management plans for all operating facilities and a summary of the five-year plan for the capital projects at the Materials Management Facility. There will be large carry over projects continuing this year, as well as additional projects deserving mention such as annual equipment replacement and leachate treatment based on newly anticipated regulatory changes and a grant that has been received. Other alternatives are also being evaluated for leachate, which would address the anticipated PFA limits that we expect are going to be imposed requiring additional treatment before it is delivered to a treatment plant. One suggestion is an evaporation facility that could be co-located next to our landfill gas-to-energy (LFGTE) facility and utilize the waste heat being generated at the LFGTE plant to burn the methane. Other capital projects to review are nature trail consolidation, storage area improvements, and evaluating additional soil borrow areas.

A. MacKinnon asked in reference to the map shown on page 45 of the read ahead packet, if this is a good indicator of the land space owned by the Authority. C. Tuttle responded it is only an idea, not an exact indicator. A. MacKinnon further asked how many acres this represents. C. Tuttle responded it is one parcel at roughly 1,200 acres, plus there are other smaller parcels around the landfill on separate tax map numbers.

K. Bibbins asked if we have reached out to others regarding their use of evaporation plants about their jurisdictions, environmental regulators, and emissions. C. Tuttle responded that we have spoken with them as part of our preliminary engineering and comparison to the Title V Permit. We may need a second flare and we will need to fully evaluate environmental implications through SEQRA. We don't anticipate any changes to our 360 Permit, but we do know there would need to be a modification to our Title V Permit.

Telecommunications Budget Elements –

D. Wolf introduced Jacqueline LeClair as the Assistant Director of Telecom, here today as she was very integral in putting this budget together. D. Wolf continued with a review of the budget elements by presenting the items within the Telecommunications Division Budget Elements, to

include taking care of our existing customers and the addition of new ones, the focus on the Network Build Out with the grant projects that will involve other Authority divisions totaling roughly \$30 million, cell tower connections where we are adding 40 towers, while work will continue to bridge the digital divide.

Telecommunications Capital Projects –

D. Wolf reviewed the Telecommunications Division's profit and loss statement and capital projects, calling attention to decreased revenues with the three main losses being \$300,000 due to SLIC and Westelcom consolidating and overlap circuits being cancelled, \$100,000 due to BOCES choosing to go with a different provider, and one customer with multiple equipment locations being purchased by a national chain and deciding to use a different provider. Grant revenue is predicted at \$6.8 million; salaries and office and administration are down, while pole attachment fees and operations and maintenance are up. Net is roughly \$426 million plus depreciation and capital projects. He also noted that some salaries are being offset by grant revenue.

D. Wolf continued with a review of the capital projects. Several projects are from last year's approved budget continuing through this year such as the NTIA Project. Other capital projects are Dense Wavelength Division Multiplexing Project (DWDM), customer network construction, ethernet core equipment, wireless towers service, central office enhancements, fiber augments, and test equipment.

A. MacKinnon commented on a displayed image representing the DWDM and all the wire connections. D. Wolf explained that this unit condenses 400 waves and puts them on one fiber, and each wire is labeled very well at both ends to ensure correct connections.

Regional Development Budget Elements –

M. Capone reviewed the implementation of Next Move NY, the positions within that have been hired and the programs that will be implemented to include the Veterans Employment Ambassador Program and Soldier Recruitment and Training Incentive Program. She continued with the other companies that are consolidated under the Regional Development budget and their projects, to include enhancing Fort Drum through programs and services, working with the City of Watertown engineering on their DCIP submission and other grant opportunities, continued housing grants in the Town of Gouverneur and St. Lawrence County, Affordable Housing Corporation for the Town of Tupper Lake, and implementing the HOME ARP program. We are also administering the Home American Rescue Plan funding on behalf of Jefferson County and the Home Consortium. There is a budgeted increase under investment income, and Regional Development will be working closely with Telecommunications to administer funds from their grants.

Regional Development Budget –

M. Capone discussed items from the profit and loss statement to include customer billings, New York State grants, the Next Move NY Grant, Empire State Development (ESD) planning grant received for Fort Drum Planning, processing fees, salaries and fringe benefits, marketing, and purchase for resale. She commented that this is the last year for host community benefits. Next Move NY created additional expenses under salaries and benefits, employee mileage reimbursement, office rent, promotional materials, and an automobile. She explained that when the depreciation for the Next Move NY vehicle is removed, the cash flow is positive, primarily due to the fund balance within the loan funds because the Next Move NY grant offsets all expenses.

Water Quality Budget Elements –

C. Tuttle discussed operator licensing, disinfection by-products, the DCIP application, the Army Sewer Line, Army Water Line, Regional Water Line capital reserve, and a change in the budget regarding shared costs being moved from Company 41 to Company 44, which will allocate the overhead costs back to other divisions.

Water Quality Capital Projects –

B. Nutting discussed the profit and loss statement for the four Water Quality Divisions; Company 41 Army Sewer Line, Company 42 Army Water Line, Company 43 Regional Water Line, and Company 44 Water Quality Contracts. He further explained the allocation difference for safety equipment, computers, and vehicles. This budget will show zeros under Company 41 Army Sewer Line because the budget has been moved to Company 44 Water Quality Contracts.

B. Nutting continued reviewing the profit and loss statement for the Company 41, Army Sewer Line, beginning with customer billings, increased salaries and decreased wages, decreased overtime wages, fringe benefits, and sewage treatment. Notable items moved to Company 44 are safety equipment and supplies, office and administrative, automobile, and computer equipment. Water Quality Allocation is typically a negative amount because this has historically been money coming back to this budget but now is going to be coming out of Company 44. He further stated that the Army Sewer Line and Army Water Line are break-even budgets that we settle up with the Army at the end of the year.

C. Farone commented that the allocation was changed because the number of labor hours within Company 44, Water Quality Contracts, far exceeds any of the other divisions. He further stated that having these allocations within Company 44 will be a better process than within the Army Sewer Line, and we have met with Fort Drum and they are happy with this change.

B. Nutting reviewed Company 42, Army Water Line, which reflects similarities to the Army Sewer Line but also noted customer billings, increased wages for engineering, and increased repairs and maintenance due to pipeline maintenance and acoustic testing to be done on the waterline.

Moving on to Company 43, the Regional Water Line, B. Nutting reviewed the calculation of customer billings as it is impacted by the rate given to the Authority by the Village of Cape Vincent. Other items reviewed were capital billings, fixed costs, wages, operations and maintenance, the contribution to the Town of Cape Vincent generator reserve, and water purchases. He explained that we are planning to place \$40,000 in reserves this year, even though there are not many Capital Projects on the Regional Water Line because we are expecting to invest more in capital over the next few years and don't want to deplete the reserve funds.

Company 44, Water/Sewer contracts, will show a growing budget this year with increased customer billings, and salaries. Notable items being moved to the Company 44 budget this year are safety equipment, supplies, shop tools, purchases for resale, office administration, computer equipment, automobile repairs and maintenance, fuel, truck rental, lease purchases, and insurance. Training and Development has moved from Company 41 to 44 and is budgeted at \$16,500. This is a very important line for educating our operators and obtaining licenses. Furthermore, the Water Quality allocation is shown as a negative amount because this money will be allocated to the other three companies.

C. Tuttle offered additional information regarding a change in Net Position of -\$345,000 as of 12/31/2024. The main item affecting this is upfront contract costs. These costs are front loaded at the beginning of a contract, many of which typically cover a five-year time frame. Inflation and increased costs are affecting revenue, especially within the fixed rate contracts, resulting in off-cycle amendment increases. We are also trying to ensure these increased costs line up with the municipalities' fiscal year so they have time to plan and incorporate this into their budgets with increased rates. We have also implemented changes in some of our scheduling to reduce the

amount of non-billable overtime, and are educating our staff about what services are actually billable and not included in the base services.

C. Tuttle concluded with a summary of the rates for the Army Sewer Line, Army Water Line and outside customers who procure our services as related to the projected usage and forecasted budget. The Army Sewer Capital Budget is simple with two projects based on replacement of equipment at the end of its useful life. The Army Water has no Capital Projects in FY26, however there are carryover projects such as the Army Water Line phase II pipeline project with preliminary engineering through the OLDCC grant obtained by M. Capone. The sewer line has a project for underground DOT crossings in FY27 due to issues found during the Army Sewer Line project this past year and the Regional Water Line has a few replacements of assets that have reached their useful life.

Engineering Budget Elements –

T. Haynes stated that as in years past we are going to continue to provide services to our municipal partners in Jefferson, Lewis, St. Lawrence and Franklin Counties. There are five capital improvement projects at water and sewer facilities where engineering will be assisting, five redevelopment projects addressing old buildings in Jefferson, Lewis and St. Lawrence Counties that engineering will be working on with the counties, ten NBRC grant projects engineering will be administering, seven facilities where engineering will be building out new control equipment for SCADA services, and two asset management plans engineering will be concluding with the City of Ogdensburg and the Town of Henderson.

Internal support has been reviewed within the other divisions' presentations, with the biggest one being a project engineer being assigned full time at the landfill to help offer direction with the four major ongoing capital projects. Additionally, centralizing all permitting has already shown some real gains, especially in dealing with state and federal agencies, and has resulted in smoother transitions to the other agencies we work with. The Environmental Health and Safety Engineer is now assigned to the Engineering division for consistency. GIS is experiencing reduced revenue for the LGE project as it is in its third and final year. This work needs to be completed by the end of this calendar year, and we are ahead of schedule. Because of where we are with this project, there will only be one GIS intern in the budget this year.

Engineering Budget –

T. Haynes continued with a review of the profit and loss statement, stating there are no major changes and only a couple items to highlight. Revenue is anticipated to increase, salaries and engineering wages are projected to decrease, and the operations and maintenance budget shows an increase due to purchases for resale. Office and administration shows an increase due to continuing education.

C. Farone concluded the budget presentation by reviewing the reserve narrative and explaining that this shows how much money the Authority has in reserves, why we have it and what it is intended for. Within this budget he also pointed out that it is being recommended that \$4.9 million be transferred from the liner reserve to the replacement reserve to pay for replacement projects slated to be funded by the replacement reserve. There is a funding strategy in place to replenish the liner reserve, either through tip fees or debt financing. Continuing with the debt summary, which shows all the debt of the Authority and any new debt to be taken on. It is anticipated that the EFC financing for the Army Water Line will be transferring from short-term to long-term by the end of February. Current Capital Projects and Current Municipal Contracts are listed by county. A budget risk assessment shows items of medium-high risks such as cybersecurity, recruiting qualified staff, and disinfection by-products on the Army Water Line. Revisions and Reconciliations is a listing of all budget modifications made throughout the year, followed by an all-in budget of the Authority with all divisions.

A. MacKinnon commented that organizations like this have a Board of Directors who make hundreds of decisions, with one or two making a difference, but if done correctly the rest fall in line. Apparently, things are going pretty well because the landfill is still taking garbage, water is still flowing, sewage is working just fine, but can you imagine if one piece closed? This is why what we do is important, and why all the people brought into the Authority work well. He further stated that he hears positive things in St. Lawrence County about the Authority, which is important because it means things are going well.

K. Bibbins asked if we receive any federal grants that still lack agreements. C. Farone responded that we have the NBRC grant and have received notification that this is 100% good. We also have a grant through the NTIA and we haven't heard of any issues, and everything is still moving forward with our staff. C. Tuttle stated the only one in question could be the FEMA grant but we should know more at the end of this month. There were issues at the Warneck Pump Station that were eligible for FEMA funding, C. Tuttle and T. Haynes have been working on this, but do not have an executed agreement yet and it is currently held up with our insurance carrier. C. Tuttle stated that the scope of this project is roughly \$1 million, and the grant would be \$750,000. Regardless if we receive FEMA funding or not, this work continues to move forward.

E. Virkler concluded by stating that the detail and organization within this budget is great and it is easy to follow.

Upon a motion by A. MacKinnon, and seconded by K. Bibbins, the Fiscal Year 2025–2026 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 A. MacKinnon, the meeting was adjourned at 12:39 PM.

Respectfully submitted,



Eric Virkler
Chair, Finance & Budget Committee