MINUTES

FINANCE & BUDGET COMMITTEE MEETING
Monday, February 9, 2026 – 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 Monday, February 9, 2026, at 10:30 AM.

Committee Members - Present
Eric Virkler, Chair
Kenneth Bibbins*
Thomas Hefferon
Nancy Henry
Alex MacKinnon
Brian McGrath*

Committee Members - Absent

Other Board Members Present
Margaret Murray, Board Chair
Travis Flint
Mark Hall

*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 Louden, Comptroller
Michelle Capone, Director of Regional Development
Dawn Louden, Comptroller
Thomas Haynes, Director of Engineering
Laurie Marr, Director of Communications and Public Affairs
Brian Nutting, Director of Water Quality
Regina Rybka-Lagattuta, Director of Human Resources
David Wolf, Telecommunications Strategic Advisor
Brian Zuris, Director of Telecommunications
Angela Marra, Executive Assistant
Tonya Watson, Administrative Associate

Guests:
Jennifer Granzow

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

2. Committee Chair Virkler requested the roll call.

   - A quorum of the committee members was established.

   Committee Chair Virkler welcomed the committee and all others, including Travis Flint for his first meeting since being appointed. He further stated this is the preliminary budget meeting for the Authority's fiscal year April 1, 2026 to March 31, 2027.

3. Review of the 2027 Preliminary Budget

B. McGrath joined the meeting at 10:31 AM.

C. Farone explained that he would begin the presentation, and then each Division Director would review their respective division. He also extended a welcome to T. Flint, who was recently appointed by Governor Hochul to our Board. Mr. Flint is the Business Manager and Financial Secretary to the Local IBEW in Watertown.

K. Bibbins joined the meeting at 10:32 AM.

C. Farone thanked everyone in attendance of the Budget Work Session, and began the preliminary budget review process by extending his appreciation to the finance staff and the operating divisions for assembling the information for review. He explained the process and responsibilities of the division directors, from the review of operations and capital required to maintain existing services to the prices we are charging our customers. He stated that we continue to focus on Jefferson, Lewis, and St. Lawrence Counties and have a strong relationship with all of our partners. This budget reflects no significant spikes in revenue, but rather slow and steady increases and a dedication to shared services.

Human Resources –

C. Farone stated Human Resources continues to dedicate its resources to recruiting and retaining qualified staff. Last year, with the addition of Next Move NY and the Malone contract, the Authority reached 100 employees for the first time, and at the time of this presentation we had one vacancy. Three members of our senior staff will be retiring within this fiscal year, and we will soon begin searching for their replacements. He continued by stating that the budget was built with a wage pool of 4.25%, which is down a quarter percentage from the previous year, to help provide for wages essential to retaining our technical and professional staff. As previously reviewed during the Strategic Planning Session, the budget included an additional staff person within Regional Development.

This budget anticipates $1.2 million in health insurance costs for active employees, which is a slight decrease from last year. Effective January 1, 2026, the health insurance plan was changed from Bronze 4 to Bronze 7 as it offered a savings to the Authority and our employees, without sacrificing coverage. Staff will continue to be responsible for paying a portion of the deductible, the last $1,000 for an individual, or $2,000 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 Affordable Care Act. Post-employment retirement benefits continue for Authority retirees, being funded by $3 per hour for every employee hour worked being put into the Post-Employment Benefits Reserve.

NYS Retirement employer contribution rates increased by 1.5% over last year. The Authority has 58 Tier 6 employees whose contribution is 13.7%, and 29 Tier 4 employees at 21.3%, and there are no longer any Tier 3 employees within the Authority. The defined contribution plan is

8% for those who started with the Authority earning above $75,000 and have chosen not to take part in the state pension

There is a slight reduction under Workers' Compensation within the divisions, with the biggest cost reduction being in Materials Management and Water Quality.

The Organization Chart reflects one change with moving the Telecom Outside Plant from Telecom to Engineering to reflect centralized management of engineering tasks within the Authority.

Capital Budget –

C. Farone continued with a review of the proposed 2027 Capital Projects, noting that any unspent previously authorized capital projects carry forward to the next year. He reviewed notable projects within each division, and stated that the Fiscal Year 27 capital projects reflect the Authority's continued investment in infrastructure and equipment to ensure facilities have the resources available to provide uninterrupted operations.

Administrative Division Budget –

J. Staples began with a review of the Administration Profit & Loss. She reviewed several items within the division budget elements, to include Fleet Leases, Administrative Wages, Fringe Benefits, Retiree Health Insurance, Promotional Materials, IT Training, and Professional Fees. The professional fees are for external auditing and also consulting which is associated with the planned implementation of Microsoft 365, email. Email will be migrating to the cloud from our internal servers. The biggest increase would fall under programming for the ERP financial system. There would also be a subscription fee for Office 365 and an added Managed Detection and Response (MDR) system. MDR would monitor our system 24/7 and detect any odd activity that's happening in our system. S. Bohmer added that we continue to receive sophisticated email threats and this would provide a whole security operations center working for us, rather than having to build and pay for our own. J. Staples stated we have continued to see many more threats to our system lately. S. Bohmer shared that this new system will offer an immediate flag and immediate action.

A. MacKinnon asked if these hackers are trying get into the financial aspect of our system.
S. Bohmer responded that whether they are taking money now or collecting information to take money later, 99% of the time these threats are financially driven.
J. Staples shared that we are more vulnerable because we are required to report all of our finances on our website so anyone can see the amount of funds we have.
C. Farone stated that we are required to report every procurement transaction annually, resulting in all our information being out there making us incredibly vulnerable. Incoming emails are very convincing with accurate information and are becoming more difficult to detect. The cost of this item seems high at $45,000 but this has been determined to be money well spent.
M. Hall asked if this is a local company or nationwide.
S. Bohmer responded that several different solutions are being investigated, but we have yet to make a selection.
M. Murray asked how we pay bills without wiring money.
C. Farone responded that we use checks to pay invoices. If a vendor requests a change to their information, we have a multi-step process to verify this is a valid request with the correct information.

Administrative Capital Projects –

J. Staples continued with a review of the Capital Projects covering fleet vehicles, with a review of the replacement criteria and replacement schedule, and server equipment replacement at

Materials Management for the scale desktop server and the Materials Management and Water Quality SCADA servers.

Materials Management Budget –

C. Tuttle summarized the highlights for the Materials Management (MMF), beginning with the rate per ton and the tipping fee history. She continued with an explanation of how necessary these are due to building reserve funds, funding capital projects and covering operating expenses. An increase of $5 per ton is being proposed in January 2027 for MSW, and nonbeneficial material, is proposed to increase by $7 per ton. To date, the Tip Fee Stabilization Reserve has not been utilized, however, this year we are budgeting to utilize approximately $1.1 million.

C. Tuttle continued identifying the MMF budget elements, including waste volumes, leachate management, dual working faces, and LFGTE revenues. She also discussed waste diversion, household hazardous waste (HHW) and the collection events. A 50% grant from DEC was used to pay for the cost of the HHW events and pay half of the salary for our Recycling Coordinator position, and we anticipate receiving this again this year. C. Tuttle reviewed landfill tonnages and how they have remained consistent from 2018 to present, aside from special projects that don't occur frequently.

C. Tuttle continued by reviewing the Profit and Loss beginning with household hazardous waste, natural habitat enhancements, and office and administrative expenses, and utilities.

B. McGrath recalled the conversation five years ago where it was discussed to spread out tip fee increases over time, but he has noticed an acceleration on this percentage in this budget and expressed his concern for the consumer.
C. Farone responded that it is the customer who would bear the burden of a rate increase, and the increase amount for this year is related to the cost of our capital construction as there has been a 43% increase for the cost of closure. We are required from the date that we received our permit for the southern expansion to have enough funds in the closure and post-closure reserves within 10 years to close the maximum open acreage at any point in time, as well as pay for closure for at least 30 years. To meet these requirements, the cost needs to increase more than we predicted five years ago. In reviewing forecasts out 70 years, we structure rate increases to be best structured for the consumer. This year is proposed at five, but is estimated to be less over subsequent years. Additionally, the average price per ton for municipal solid waste in New York State is $79, while we are still at $61.

Through further discussion, it was established that meeting with our partners to best answer questions and educate them regarding these increases is key to continued success, and B. McGrath requested that a second look be taken at the budgetary impact prior to increasing this fee.

Materials Management Capital Projects –

C. Tuttle continued with a review of the capital projects for the fiscal year resulting from an asset management plan update each year to help forecast projects for the next 10 years. The projects referenced in the first five years have a much clearer cost forecast than year six through ten, but all information is useful in long term reserve planning. Capital projects for Fiscal Year 27 include landfill gas improvements, additional soil borrow, miscellaneous facility improvements, natural resource management enhancements, culvert repairs, cell 15, and a new compactor. Looking out at next fiscal year, C. Tuttle wanted to point out the $4.1 million closure of Stage 6, additional heavy equipment to be purchased, and leachate treatment at $18.5 million due to pending regulations that we anticipate going into effect within the next six months possibly requiring the landfill to pre-treat its own leachate.

Telecommunications Budget Elements –

B. Zuris and C. Tuttle continued with a review of the budget elements by presenting the items within the Telecommunications Division Budget Elements, to include customer billings, grant revenue, OSP moving to engineering, levels of service, process improvements, significant network build out and closing the digital divide.

Telecommunications Capital Projects –

B. Zuris reviewed the Telecommunications Division's profit and loss statement, calling attention to customer billings increasing from $6.2 million to $6.5 million mostly due to National Grid, a decrease in grant revenue, OSP moving to engineering which impacts how wages are charged. Under operation and maintenance there has been an increase in emergency restorations and this budget number is a best guess based on historical costs, pole attachment fees continuing to increase as grant construction continues to progress, offnet circuit lease growth is due to an increased customer base, and professional and consulting fees will be used to automate our projected financial model.

C. Tuttle continued with a review of the capital projects, beginning with customer network construction, wireless towers service, ethernet core network upgrade, and central office enhancements that we have this fiscal year and are budgeted out for the next five years. New projects this year include fiber license updates as they are related to issues with make-ready construction and DWDM platform replacement. She explained that National Grid is doing 100% post construction inspections now, resulting in a great deal of administrative cleanup that will likely result in additional make-ready costs on our existing network to be in compliance with the newly set standards. The DWDM is electronic equipment we use within our network and is located within our central offices, but is actually equipment we installed for the National Grid project to provide them with the 10G ring. This equipment has a finite life and will go obsolete in the future, requiring replacement. The date and dollar amount of the replacement will be more refined as we get closer and the provider lets us know, but it is something we need to be planning for.

Regional Development Budget Elements –

M. Capone reviewed budget elements, to include staffing increasing by one project development specialist, Next Move NY moving forward with a marketing firm, social media and advertising, enhancing Fort Drum through the compatibility committee, housing and the implementation of three housing programs, regional projects with our county partners, and rural broadband and assisting other divisions with grant implementation and program delivery.

Regional Development Budget –

M. Capone discussed the profit and loss statement portion of the budget and how it incorporates five companies into one budget to include; customer billings, New York State grants primarily for Next Move NY, grant funds, loan interest income conservatively based upon projected future receipts, investment interest income being down but stable, wages increasing due to the additional staff member, operations and maintenance showing the cost for the contractors hired on behalf of the grants we administer, consulting for the Next Move NY job portal and marketing, vehicle for Next Move NY, grants for the redevelopment fund, and overall expenses for Next Move NY.

The North Country Economic Development Fund, established with funds from the New York Power Authority, was presented to their board on Friday and they are recommending it for approval. There will be a resolution at our next Board meeting when the budget is reviewed and approved.

Water Quality Budget Elements –

B. Nutting discussed the four budgets under Water Quality, Company 41 Army Sewer Line, Company 42 Army Water Line, Company 43 Regional Water Line and Company 44 Water Quality Contracts. B. Nutting reported that the Army Sewer Line and Army Water Line Budgets were reviewed with the Army last week, and we invited our partners on the Regional Water Line to review the Regional Water Line budget last week as well. Several highlights within these budgets include a decreased operator licensing budget as a result of many operators receiving those certifications, our administrative order has been removed regarding disinfection by-products following our installation of an aerator in the tank at Fort Drum, and kgal rates on the Army Sewer Line, Army Water Line, and Regional Water Line as we try to anticipate usage.

B. Nutting noted there are additional pages to the Water Quality budget due to last minute changes on the Army Water Line. He explained that an emergency major repair needs to be made, resulting in an additional capital project causing an increase to the kgal rate for the Army Water Line increasing from $10.77 to $11.42, and an increase to the total for capital projects from $283,000 to $524,000. Also, the kgal rate on the Regional Water Line is increasing from $2.19 to $2.34 due to the additional cost for us to channel water from the Village of Cape Vincent. These financials are reviewed with the village to determine their costs, and the village then has them reviewed by an outside financial firm as well.

B. Nutting continued reviewing the profit and loss statement for each company, beginning with Company 41, Army Sewer Line, noting items such as increased wages, increased chemical purchases, greatly increased gas and electric charges that will affect all Water Quality divisions, and the general overhead costs being moved to Company 44. He moved on to notable line items under Company 42, including decreased wages and reduced pipe maintenance. Under CO 43 he reviewed customer billings, capital billings, increased wages, and the Cape Vincent Reserve. He also explained the reconciliation done each year regarding the Army Sewer Line resulting in the Army only paying the actual costs. However, on the Regional Water Line, any surplus amount would go into their operating reserve.

C. Farone commented that the Authority has already reviewed these budgets with Fort Drum, and the partners on the Regional Water Line, and both confirmed agreeance.

Under Company 44, O&M Contracts with Municipalities, amendments have been made because we found we were undercharging our customers as a result of our costs increasing substantially. We are working with our customers to institute amendments to current contracts as well as increasing rates on expiring contracts. Due to these increases some have decided to go with alternatives, resulting in a decrease in revenue and decreased wages. B. Nutting pointed out parts & resale that we are using to purchase specific parts and passing them along to municipalities with no markup. Meals & lodging has decreased due to the decreased need for training and development. Other line items such as office and administrative, automobile costs, and computer equipment are being billed though CO 44, but divided among the other Water Quality companies.

C. Farone stated that within Water Quality we are making sure all staff are charging their time appropriately to where they are actually working, and reviewing each contract to ensure we are breaking even. We are taking a proactive approach to increase those contracts that are not breaking even by making sure the municipalities understand, giving those municipalities plenty of time to implement the increase, and following through with this plan.

M. Hall asked how many municipalities there are in the three-county region.
M. Capone responded there at 110 municipalities.
M. Hall further asked how many of these municipalities do we have contracts with.

C. Tuttle responded that we have 200 contracts and this is because some municipalities have more than one contract while others have none.

B. Nutting continued with a review of user charges and explained the difference between outside user rates and Army rates due to the Army paying the capital immediately.

Water Quality Capital Projects –

C. Tuttle reviewed the Water Quality Capital Projects, beginning with the Sewer Line, an HVAC upgrade project at the Warneck Pump Station, DOT Underground Crossing under Route 37 at Warneck and under Route 11 at the nature trail. Also, at Warneck an assessment of the washer compactor and panels will be completed, complete a 12-inch bypass pump replacement, and the replacement of pump 3. On the Army Water Line, it is planned to replace the vacuum valve exerciser trailer, a RTU, and HVAC replacements at the booster pump stations. A new project was added to the budget, Army Water Line Pipeline Joint Replacement which includes purchasing spare parts and replace portions of the hydrant connections and a fuse joint associated with the Patterson Road Army Water Line Phase 1 project. A mechanical seal has not held and has needed to be replaced a couple of times already. The line needs to be dry so this will be a summer project. The total cost is estimated at $241,000 moving this from an O&M Improvement to a Capital Project. On the Regional Water Line, the chlorine analyzers will be replaced. Next fiscal year $15.1 million has been budgeted for the Army Water Line Pipeline Replacement Phase 2 Project, which has received a $5 million grant from environmental facilities and additional funding will be applied for.

K. Bibbins left the meeting at 12:29 PM.
B. McGrath left the meeting at 12:30 PM.

Engineering Budget Elements –

T. Haynes explained that Engineering offers municipal support to the communities and internal Authority support through five Engineering areas; outside plant, GIS, SCADA, project engineers, and environmental health and safety. He 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, as well as provide internal support. The budget will reflect a decrease in municipal support due to completed projects such as disinfection requirements at wastewater plants, and the GIS LTE project coming to an end. Future regulations regarding PFAS will likely increase projects with municipalities, and the NBRC MOA is being advertised to communities which we anticipate will result in increased engineering services. Internal support transitioned with three outside plant engineers that were previously part of the Telecom division being brought into engineering and most of the increases within the budget are tied to these new positions.

Engineering Budget –

T. Haynes continued with a review of the profit and loss statement, reviewing the NBRC MOA as a grant disbursement. Quarterly disbursements have not submitted for or received resulting in several zeros on the budget, and total income is projected to be down next year. Many line items have increased as a result of the three additional staff members, to include salaries, fringe benefits, office administration, cellular services, meals, incidentals and training, automobiles, and computers. Under Operation and Maintenance, safety equipment has increased due to the annual stipends given to employees. SCADA costs remain flat, purchases for sale are specific to SCADA parts purchased and passed on directly to municipalities. Continued education will show a significant decrease due to an employee in the process of earning their master's degree entering their final quarter, which will offset the previous mentioned increases. Overall Engineering is showing a change in their net position of $10,000.

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. He continued with the debt summary, which shows all the debt of the Authority and any new debt to be taken on, followed by the debt narrative. A listing of current active Capital Projects was noted as well as Current Municipal Contracts listed by county showing there are 200 contracts listed as of January, serving 99 customers. A budget risk assessment shows items of medium-high risks such as cybersecurity, retaining and recruiting qualified staff, disinfection by-products on the Army Water Line, and changes within the telecom industry. Revisions and Reconciliations is a listing of all Board approved revisions and reconciliations to our current budget, followed by an all-in budget of all divisions within the Authority.

C. Farone concluded the preliminary budget presentation by stating if anyone has any questions, please call him or his staff.

C. Farone identified the one follow-up being to look at Materials Management regarding the rate increase before presenting to the full Board.
E. Virkler asked if the preliminary budget could be approved today, with the additional review resulting in the possibility of considering to amend the MMF revenue at the full Board meeting.
C. Farone confirmed this change could be made at that time.

Upon a motion by M. Murray, and seconded by T. Hefferon, the Fiscal Year 2026–2027 Preliminary Budget, was unanimously approved by the Finance and Budget Committee and recommended to the Board for approval.

Upon a motion by M. Murray, and seconded by E. Virkler, the meeting was adjourned at 12:45 PM.

Respectfully submitted,

Eric Virkler
Chair, Finance & Budget Committee