

**VILLAGE OF SKANEATELES
MUNICIPAL BOARD
MINUTES OF REGULAR MEETING – October 26, 2016**

Present: Chairman McQuaid, Commissioners Blackler, Palmer and Rhoads, Advisor Dienst, DMO Harty, Trustee Stokes-Cawley.

Chairman McQuaid called the meeting to order at 6:00 pm. She noted that DMO Harty had circulated an update to the Board in advance of the meeting and that items covered therein would not be routinely repeated tonight.

ADMINISTRATION

Approval of Minutes. Upon motion of Comm. Rhoads, seconded by Comm. Blackler, the minutes of the September 28, 2016 regular meeting were approved as submitted by a 3-0 vote in favor of the motion, with Comm. Palmer abstaining.

ELECTRIC UTILITY

DMO Harty reported that the Electric Fund is down about \$170K for the year. The Board members were reminded of the fact that funds are due to the general fund and will be the subject of budgeted repayments, and in fact a payment was made in 2016. The fund has made some fairly significant capital project investments, about \$50K in the Austin Street feeder and some replacement utility poles, with about \$25K for the LED street lights. IEEP will be reimbursing those funds. Expense accounts (700 series) are up about \$45K due to Sherwood underground feeder failure and East Genesee storm damage. The capital accounts (300 series) may be understated. The Village must insure that retirements and new investments are being accounted for so that the value of the base is reflective of the real level of investment being made in assets.

The new electric substation will probably require another \$350K investment by FY 17 end. DMO Harty's intent is that these expenditures would be concluded and the substation in service by end of the 2017 fiscal year. The Village has more poles that it needs to replace, the Phase 3 AMR meters that we need to get transitioned over to the Landis & Gyr system and the LED streetlights. Streetlight replacement in Heritage Woods is important; we had a catastrophic failure; every light fixture seems to have failed in the last 3 weeks, so we are looking at new light fixtures on those 14 poles. We will be looking at doing those in the very short term. Longer term, we have to start thinking about vehicle replacements; our bucket truck and pickup truck are fairly old and fully depreciated; we need to think about their retirement. The bonding for the bucket truck is retired.

NYMPA/MEUA. The semi-annual NYMPA Meeting was attended by DMO Harty and Chairman McQuaid. NYMPA financials are performing well, building cash reserves. Should be at the \$14MM target by year end so that the organization is able to float two months of extreme

weather bills for purchased power. As a result of successful hedging operations, the purchased power rate will be reduced to \$44 through next summer with a further decrease to \$39 thereafter. Solvay Electric has joined the organization, adding significant volume of use and enhancing the organization's ability to leverage.

The New York State Clean Energy Standard, as pushed by the Governor, went into effect on August 1. Customer bills will be increasing due to Renewable Energy credits (REC, \$0.20 - \$3.00 per month beginning January 1) that benefit NYSERDA's grant programs for wind and solar, and Zero Emission credits (ZEC, \$3 to \$8 per month beginning April 1) that provide funding for the state's subsidies flowing to nuclear power generators. DMO Harty referred to these as 'slush funds'. Commissioner McQuaid suggested that the goal was to keep carbon levels consistent with the nuclear plants until we become more efficient. NYMPA will handle the purchase of the credits for us. In response to a question from Trustee Stokes-Cawley, DMO confirmed that these taxes would be levied against the total load presented to the load serving entity, regardless of the current amount of renewable energy used. This penalizes our customers, since we operate with 80 – 85% hydropower-generated electricity today. Comm. Palmer suggested that since we do not pay a Systems Benefit Charge we cannot benefit from programs that might help offset this impact. The Board debated the benefits of transparently presenting these new taxes to ratepayers clearly on the billing statement (which will require a tariff modification) versus burying them in the Purchased Power Adjustment charge. In either case this has to be passed through to customers. DMO will check with other utilities to see which option they are leaning toward. The Board felt that some explanatory handout would be useful to prepare.

Significant Operational Activities

- The substation is now here; it is sitting up on Fennell. DMO Harty had a conference call today with NYPA and National Grid discussing design details. We are getting quotes for the foundation. The secondary containment system is a rubber liner that may need to be installed in warmer weather.
- Deployment of LED streetlights continues; one has been done on the Kelley Street bridge. While Fennell and Jordan Streets are targeted for complete replacement this year, the remaining fixtures in inventory are being used for maintenance replacements.

WATER UTILITY

- The Water Fund has seen higher revenues this year, largely as a result of the drought. There are no abnormal expense issues to report. DMO Harty discussed a major water main replacement project involving East Lake Street and Road, East Genesee Street, State Street, Highland Street, Fuller Street and Griffin Street. All have fully depreciated 4 or 6 inch cast iron mains. Some locations may be scheduled to ensure that the infrastructure work is done in advance of substantial repaving activity planned by State DOT. The cost of continuing to make spot repairs is too high; a major project that is

financed through a bond may be advantageous. Comm. Rhoads suggested that the Board would need to look at the impact on rates as a result of taking on a multi-million dollar, multi-year-funded project. DMO Harty noted a fund balance of roughly \$500,000 and a running surplus of about \$70K per year. So on the surface, it should be a minor impact on rates.

- Chairman McQuaid asked about any other outstanding bonds. DMO Harty responded that the UV disinfection project was bonded and a portion remains outstanding.
- There are some other minor capital improvements such as automation of intake valves and SCADA improvements that can be accomplished within the operating budget. On the vehicle side there is a one-ton dump truck that is 19 years old.

Significant Operational Activities.

- Lead & Copper Water sampling – The School district has completed lead testing at the elementary schools with very few discrepancies -- none of which would appear to impact students. DMO Harty is comfortable with where we are. Subject to government dictates, the other schools are to be sampled for lead levels.
- Water turbidity was not an issue this summer because of the relatively low lake levels and reasonably calm conditions. On October 28, we have our last turbidity event rolling off the test period, and we will once again be allowed two turbidity events within a one-year period.

SEWER UTILITY

- DMO Harty reported that she is extremely encouraged by where we are today. Last year the Sewer Fund was running an annual deficit of some \$70K. With the rate increase passed in April, that went into effect in May and we started receiving the revised cash flow in July, we are now \$149,000 up. That puts us in the position to have the money needed in December to make our EST debt payment of \$120,000, and allow us to begin repayment of the \$180,000 that the Sewer Fund owes the General Fund.
- While expenses are down temporarily due to Zlatko's retirement, we will need to hire a replacement operator. There are also some payables, not yet booked, for work done recently on the RBCs. We also have some needed upgrades to the pump station for backup power supply.
- We experienced a lot of inflow during last week's rain event. DMO thinks we have a cross connection someplace in the east side system. We will do studies and investigations to find those.
- DMO explained the operation of the ORF. Our plant is rated for 1.8 MGD. Flows in excess of that amount route to the West Elizabeth Street pump station and are pumped to the ORF for later release into the plant. DMO estimates that the plant was taking 4-5 MGD, which caused the chlorine contact tank (all weirs) to be overwhelmed,

reducing contact time. Consequently, discharges were not fully treated leading to violations in fecal coliform levels.

- DMO reported that grit removal levels are improved.

ADMINISTRATION

MB Membership Engagement. Chairman McQuaid noted that with recent Board changes, she felt that it would be helpful to take some time for a team-building exercise in which members discussed their professional backgrounds and areas of interest.

- Trustee Carol Stokes-Cawley has a water quality enforcement background at the EPA. She is the liaison for the Municipal Board with the Board of Trustees, and provided the Board Charter for the Municipal Board that guides its responsibilities; this document is in the portal.
- Commissioner Walt Blackler has 15 years experience on this Board and is a former Village Trustee. When he was first appointed, the two foremen would come to the meeting; the Board would discuss operational topics and rates. Additionally, the Board handled the direct negotiations of the water contract with the Town. He has seen the transition of the MB; he is familiar with and comfortable with any utility area.
- Commissioner Gregg Palmer is a water and wastewater consultant; those would be his biggest point of interest or area in which he can maximize his contribution. The knowledge of municipal electrical operation has been of great interest. He feels that business literacy is a valuable component as well. Gregg enjoys communicating with residents about the Board's activities calling it good outreach to the community.
- Advisor Ed Dienst has been advising the Board for 5 years, based on his 30+ year career in the electric industry at National Grid and Niagara Mohawk. Because he is a Town resident he cannot be a Board member. He assisted very directly during the gap period after DMO Lotkowitz' resignation and DMO Shannon Harty's arrival. He commented that it is good to see how the Village is doing everything it is doing on such limited resources; this is in contrast to a big company environment.
- Commissioner Tom Rhoads for 5 years has been County Commissioner responsible for water and environmental protection – the folks who make dirty water clean. He handles the Metropolitan WWTP and 5 other treatment plans. Before that he was with OCCRA with a 30 MW waste-to-energy plant, so he has experience in power production. He expressed no strong preference for one utility area over another; he feels that important issues are capital forecasting and how we are doing with our assets. He said the County has some umbrella contracts for things such as manhole repairs and sewer lining that might be useful to the Village.
- Chairman Mary Ellen McQuaid has always been interested in efficiency, with an economics background and most of her career in information technology. While not an engineer, she has experience in the electrical area, and a preference for the electric utility. She enjoys the immediate and tangible nature of the Municipal Board's involvement.

Chairman McQuaid said that DMO Harty hopes that we can build more core knowledge in each utility, providing DMO with someone who can assist her, possibly as focal point/liaison

for a topic and core utility. Each member would be subject matter expert in that area. DMO Harty noted that some of the documents specific to any one utility can be involved, technical, and voluminous. The portal is organized to be a repository of such useful studies and research. Such a focus could make best use of each member's time. All members agreed to communicate with Chairman McQuaid further.

New Member recruitment was raised by Trustee Stokes-Cawley targeting the electrical/technical/finance competencies.

MB Web Portal, Education and Procedures. Chairman McQuaid asked if all had visited the web portal. She asked that all log into the portal prior to the next meeting.

SUMMARY OF ACTION ITEMS

- Members will communicate preferences to the Chairman.
- Members will check out the web portal.

Meeting Dates. Meeting dates were discussed both for the holidays and generally. The Board agreed to meet on November 28, December 22 and the 4th Thursday of the month during 2017. All meetings will be held at 6:00 pm. **On motion of Comm. Palmer, seconded by Comm. Rhoads the schedule was agreed.**

Upon motion of Comm. Palmer, seconded by Comm. Blackler, the meeting was adjourned at 7:21 pm.

Respectfully submitted,

Dennis Dundon, Clerk to the Boards