

Meeting Minutes

Date: 25 Sept 2018

Time: 1800

Location: Village Hall Board Room

Attendees: Chairperson MaryEllen McQuaid, Marc Angelillo, Gregg Palmer, Walt Blackler, Tom Rhoads, Shannon Harty, Miranda Robinson, Mayor Marty Hubbard, Trustee Carol Stokes-Cawley, Trustee Sue Dove, Tony Modafferi (MEUA)

Absent: Tom Elliot

****All items in red will need a vote**** ****ITEMS FOR MEETING DISCUSSION IN BOLD****

1. Administration
 - a. **Approve Meeting Minutes 28 August 2018 - Gregg motioned to approve, Walter seconded and all in favor.**
2. Action Items/Old Business
3. **Critical Impact Permit Form Completed-for Municipal Board Review**
 - a. **42 E. Genesee Street – Last Shot Distillery – Review of DMO Memo that recommend Approval of Critical Impact with no Conditions. Greg Palmer asked if they are going to be distilling product there. DMO Harty indicated that it will be a tasting room only. Tom Rhoads made a motion to approve the critical impact review and Gregg Palmer seconded, all in favor.**
4. Water
 - a. Utility Financials – No Treasurers reports available
 - b. Agency Notices (DOH) – No updates
 - i. HAB Status
 - c. Capital Projects (MFR)
 - i. WL Project
 - ii. The project bids came in under budget and the Village has issued notice of award to Villager, as the low bidder. The village board is going to send out the notice to proceed within a month
 - iii. Construction observers are being interviewed.
 - d. Operational Projects – No updates
 - f. Utility Staffing - No Updates
 - g. Water Rates – DMO Harty has distributed memo for draft analysis of water rate increases. All Village and Municipal Board members are asked to review and provide comments by October 9th. Will have review/discussion at October Municipal Board meeting.
5. Wastewater
 - a. Utility Financials – No Treasurers reports available
 - b. Agency Notices (DEC) – No updates
 - c. Capital Projects (MFR)
 - i. Waste Water Plant Upgrade Project
 1. A draft Request for Qualifications has been prepared. It will be a qualifications based selection of engineers – not based on price.
 2. Operational Projects – No updates
 - d. Utility Staffing – No updates
6. Electric
 - a. Utility Financials – No Treasurers reports available
 - b. Agency Notices – No updates
 - c. Capital Projects – No updates
 - d. Operational Projects – No updates
 - e. Utility Staffing – No updates
7. New Business
 - a. Electric System Operations – Tony Modafferi (MEUA Executive Director)

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- Introduction of Tony Modafferi, Executive Director from MEUA.
- MEUA 88th year with over 40 municipal members. The organization provides support and guidance to members regarding regulatory issues.
- Tony was on the Municipal Commission for the Solvay Electric Department and was the Mayor of the Village of Solvay. He has been the Executive Director of MEUA since the mid-90s. He has sat on all sides of municipal electric and understands what it takes to run an electric department.
- Based on current information provided by BST (during the preparation of the Annual PSC report), the Village of Skaneateles is having issues with electric accounting. BST completed the FYE 2017 Year end PSC report and made recommendations for areas of improvement. The recommendations were not done on the follow up and the issues continue and there may be more issues based on BST's work for the FYE2018 Annual Report. It appears that the staff on hand is not adequate in number nor in how they were trained, specific to finances. The Clerk/Treasurer needs to have a strong accounting background and detailed understanding of Municipal Electric accounting procedures. Marc Angellilo inquired whether this could be a full time Village employee or a consultant. Tony stated that you could start out with a consultant but you need to have a staff on hand. Need to build an "electric" team and it needs to start with the accounting/finances. If the books are not correct – you will have a very hard time getting PSC approval of any rate increases. PSC rate cases will look back through 3 years of finance records and if costs can't be accurately documented – they will reject your case and make you wait a year. Tony shared a story about a municipality that recently went through three rounds of rate increase applications. The electric fund was running at an annual deficit, their books weren't correct and after 3 years, the electric fund ran out of money and had to borrow from the General Fund. When the electric fund runs out of cash, the Village General Fund has to shore it up. Monthly financial reports need to be documenting accounts receivables, reconciliations, fixed assets, and much more. MaryEllen stated that the municipal board was only receiving cash statements, they do not receive the standard categories for PSC filing or reconciliation.
- Tony advised that the Village needs to maintain accurate Continuing Property Records and Inventory. If these are not correct and up to date, then the financial reports being generated are not reliable. The Village has been able to maintain a level fund balance for now but that has been through maintaining minimum cash expenditures. The books need to get fixed in order to pay for additional staff and do capital projects (ie the substation) – all of that will require increasing the electric rates.
- Tony advised that most municipal electrics have software or electronic records for maintaining continuing property records and inventory. This is important for proper accounting and financial planning. Options are available for software to track continuing property records electronically. The software logs CPRs, electric inventory, process work orders and calculate general ledger entries for account. MaryEllen asked if the software tracks detailed expense information. The answer is yes. The software would provide better records/reporting for labor hours, benefits, overhead expense, age and depreciation of assets. Better accounting of expenses between 300 vs 700 accounts is needed to make sure we are tracking investments into fixed assets. Fixed assets are what drives PSC rate increases.
- Greg Palmer asked what our largest exposure is – answer is accounting records. PSC regulations/requirements mean rate increases (unlike water and sewer) are subject to an outstanding entity approval. If you don't have accurate records – you won't get approved for rate increases.
- Greg Palmer asked what the Village should be looking for to address the issue. Should we get a part time person? What does this look like? Tony responded that in the interim the Village should get consultant to start but will need to look long term into hiring full time staff. MaryEllen asked what do other Municipalities have for accounting – do they have staff or Consultants? Tony indicated that in a perfect world, there would be the following people to perform accounting duties:
 - Person to collect bills
 - Person to update CPR, inventory, accounts receivable and payable
 - Person to do accounting work
 - Person to do cash receipts
 - Could combine, billing and another....but you do not want to have a person that collects the money and someone that puts the "money" into the computer
- Tom Rhoads asked if you could share staff and software with other MunEs? Staff possibly.
- Greg Palmer asked if there was a municipality we could use a model. Tony indicated that he could put us in touch with several for ideas/support. Functions are the same but staffing varies with each municipality due to size and other utilities.
- Shannon indicated that, from a cash position, we are currently stable and have reserves to fund necessary accounting investments.

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- Tom Rhoads asked if the software was all encompassing. The answer is yes – it will track your fixed assets, inventory and labor expenses but will not automatically reconcile to accounting software.
- Tony stated that in order to get new CPR software set up – the Village will need to inventory all of the fixed assets currently installed, update inventory system, review account coding. You will have to run both “systems” – existing work order system and new CPR software at the same time until the new database is fully up and running. Reconciliation between the two will need to be done every day. This work will require additional staff to enter the data.
- PSC Yearly filing-what is the general category of information we need to provide and what is the basis for grading/assessment of financial health
 - Must have accurate records of inventory and fixed assets – drives your rate basis
 - Fund balances
 - Depreciation
 - Overhead and benefit rate adjustments
- MaryEllen asked if we are at risk for end of life with our assets? What about acts of God? Tom Rhoads responded that you don’t know if you don’t have an up-to-date inventory of fixed assets. You can’t be accurately depreciating.
- Marty Hubbard clarified that the identification of accounting issues came from review of the consultants and not the Public Service Commission. PSC is not coming for us. His candid overview - we are going in the right direction. We did a great job with getting a Professional Engineer. Shannon has filled the position admirably. We now have Miranda overseeing water/sewer and we need a third person in this group to be just Electric.
- Tony stated that a line crew needs to consist of 2 linemen, when you have one full time lineman to the electric department and another guy allocated to the water department and the electric department – you cannot staff of line crew full-time. The Village should consider hiring another guy, you should have a minimum of three. They need to be allocated to the electric utility only.
 - Line Leader should be a qualified linemen and able to do the work and oversee line crew.
 - Have two qualified linemen to be line crew.
 - Should consider a fourth person for managing inventory, meters – could be a line helper.
 - Capital projects cannot be completed with the current line crew of 1.5 linemen.
 - Need to create a position for someone in water department to do water work.
- Tony discussed the MEUA lineman apprentice program. It is 4 weeks per year for 4 years. It’s hosted by the Fairport Electric Department in Rochester using the North Eastern University Lineman School. At the end of the program – apprentices are given a Journeyman Lineman diploma and become First Class Lineman. Do we have to hire civil service for a hiring prerequisite? The answer is no.
- We are struggling to get applicants for current vacancy. Tony indicated that you may have a look at your hourly rates. Standard lineman rate is around \$34-\$35 per hour for most municipalities. Some of the smaller systems with 600-700 meters might be lower. Tom Rhoads asked if there is a salary survey available from MEUA. There is.
- What does the Village need to do to fix the issues?
 - The Village should have an accounting consultant to come in to work with office staff. Consider contractors or retired staff from other municipalities. This should be an action item at October/November meetings.
 - Buy the software for the inventory/property records (1-2 months)
 - Hire in house staff to build software database.
 - Have all staff attend MEUA Finance Workshop Training in October
 - Re-assessment when we receive the FYE2018 PSC Annual Report
 - Hire more linemen and staff for water department
- Sue Dove indicated that the Village is getting someone in November 1st to prepare for Roben’s retirement. Discussion was had that this person should have electric background.
- DMO Harty to prepare an action plan for the Village/Municipal Board to review at the October meeting. It should outline improvements/actions as discussed. Greg Palmer indicated that would set the stage for bringing in outside accountant. It should be a high level vision with key things to consider, including an org chart. Look to other municipalities for examples of org charts and job descriptions.
- The current line leader advertisement should be updated to reflect Step 3 pay rate with line leader additional pay – to help encourage application. Miranda will update Indeed posting.
- Next Meeting will be 23 October 2018 at 1800
- Gregg Palmer motioned to adjourn the meeting, Marc Angelillo seconded, all in Favor and meeting was adjourned at 19:29.