

Village of Skaneateles-Municipal Board
January 2019 Monthly Meeting
Meeting Agenda

Date: 15 Jan 2019

Time: 1800

Location: DMO Office

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

1. Administration::*Mary Ellen, Carol, Tom E., Marc, Shannon, Miranda*
 - a. *Called to order by Mary Ellen at 1802*
 - b. *Meeting minutes cannot be approved as there is no quorum-deferred to see if Walt comes in. Board discussed whether Municipal Board meeting minutes need to be approved. Planning Board does not approve meeting minutes. Trustee Stokes-Cawley will review those procedures and see if Municipal Board can follow a similar format.*
 - c. *Approval of Meeting Minutes for 23 October 2018 Municipal Board Meeting*
 - d. *Approval of Meeting Minutes for 27 November 2018 Municipal Board Meeting*

2. Action Items/Old Business

3. Critical Impact Permit Form Completed-for Municipal Board Review

4. Water

a. **Utility Financials – Water Rate Analysis – Update based on meeting with Town 07 Dec 2018**

i. See attached presentation

ii. Final Discussion Items:

1. Should the Municipal Board adopt a standard method of rate calc?

The Board discussed both methods of rate analysis. The prior method includes a lot of detail and cost breakdown that it complicated does not necessarily provide value. Mary Ellen motioned that the Board adopted Method 2 as the standard method for calculating water rates, Marc seconded, all were in favor.

2. Target/goal for future budgets?

The Board discussed whether or not future budgets should include an “annual depreciation” line item. The amount of the budget could be all or a portion of the annual depreciation of the water fund assets. It should be based on a realistic, projected plan for asset replacement. The Board discussed whether or not there is a limit to money that could be put in the reserve. Discussed what input the State Comptroller’s Office would have.

3. Joint Ownership?

The Board discussed the Town Engineer’s request for joint ownership of all Town and Village water infrastructure. The Board is not interested in the modification of existing ownership structure.

- b. Agency Notices (DOH)
- c. Capital Projects - WL Project
- d. Operational Projects
- e. Utility Staffing

5. Wastewater

- a. Utility Financials
- b. **Agency Notices (DEC) – Draft SPDES Permit received 3 Jan 2019**

The Board discussed the draft SPDES permit recently received from NYSDEC. The permit has new limits and year round requirements for Ammonia. The plant as is it currently constructed does not have the capability to meet that and will need an upgrade to meet new limits. The permit has a new lower limit for chlorine (0.03 mg/L versus 0.1 mg/L). The WWTP already dechlorinates effluent wastewater but the new limit is at the detection limits of current analytical procedures. Will need to look into this further. The draft permit includes a new outfall sampling point and increased sampling during wet weather events. There will be a cost impact. Draft permit has a compliance schedule that provides several years to get ready to meet new limits. We had anticipated a WWTP upgrade so this isn't entirely a surprise. DMO will be collecting comments to respond back to DEC. Comments are due February 15th and should be sent to DMO.

c. Capital Projects (MFR) – Updated RFQ based on November Comments and Draft SPDES

DMO Harty indicated that the draft RFQ did not include anything related to SPDES permit compliance. RFQ will need to be updated based on the draft SPDES permit limits. Final RFQ will depend on final SPDES permit.

- d. Operational Projects**
- d. Utility Staffing**

6. Electric

- a. Utility Financials**
- b. Agency Notices**
- c. Capital Projects - USA CPR Software**
- d. Operational Projects**
- e. Utility Staffing**

7. New Business

d. *New Municipal Board Meeting Format*

Chairman McQuaid discussed that she would like consideration given to a new meeting format. The Board's main focus should be on long term financial planning and less on day to day operations. The meetings should have more of a strategic focus. The current format, discussing all three utilities each month, limits the amount of time the Board can focus on a utility. The Board discussed discussing one utility per meeting and assigning "liaisons" for each utility so that those liaisons can work with Operations in the "off" months and not all Municipal Board members have to know all the ins/outs of each utility. Some brief discussion was had on which members might be liaisons to which utilities. Each utility should include asset management.

The February meeting will focus on the electric utility include long term financial and strategic plans, capital projects, and staffing.

8. *Tom E motions to end the meeting, Marc seconds and all in favor.*

9. Next Meeting will be 26 February 2019 at 1800

Update on Water Rate Analysis

- Meeting with Town on December 7, 2018 – presented and discussed:
 - Status of Water District Extensions including Andrews Road Waterline and Storage Tank, Crow Hill Water Line Extension (existing customers not in district), and Talcott Water Line (existing town customers not in district billed by Village)
 - HAB Treatment Status
 - Village Water Main Upgrade – breakdown of project cost
 - Water Rate Analysis – estimated new Town Rate of \$3.6 per 1,000 gallons

Town Feedback

- Response from Town Engineer
 - Provided a different rate analysis method – spreadsheet used for 2009 negotiations as prepared by former DMO
 - Requested information about cell tower/antenna revenue
 - Village/Town Apportionment – prior method apportioned O&M expenses based on categories – some on flow percentage, some 100% Village
 - Staffing of Water Department – previous negotiations based on 1 FT water employee, 1 half-time employee and 5-10% of DMO time, looking for information on most recent and projected staffing
 - Town has become the majority water user and would be paying more than Village for a system owned by Village.
 - Final considerations from Town Engineer:
 - Provide additional detail for proposed water rate increase
 - Requested consideration of a jointly owned system
 - Consider cost of connecting to a backup water supply.

2009 Rate Analysis Method

- Water Budget categories (ie. Water Admin, Source of Supply/Pumping, Purification, Transmission & Distribution, Employee Benefits) allocated based on “share” of usage.
- Water Facilities Valuation - used to calculate Annual Depreciation. Depreciation allocated Town/Village based on % usage of asset category
- 2009 Final Rate Calculation based on:
 - Total Town Cost = Town % of O&M + Town % of Annual Dep. + ROR (25% of Town share of O&M)
- 2018 Method = Total O&M * Flow Based % and did not include an annual depreciation or ROR

Updated Water Rate Analysis

- Detailed review/update of O&M Budget
 - Updated Labor to Account for New Hire
 - Adjust Water Main Repair and Hydrant Budgets based on upcoming project
 - Removed 2000 Water Main Bond Payment because only 1 payment remains
- Water Usage = % Allocation Based on 3 years data (as previously used)
 - Town = 57.7% (versus 55% using 5 year data)
 - Village = 42.3% (versus 45% using 5 year data)
- Inventory of Water Plant/Distribution Facilities to establish Annual Depreciation
- Calculate Town Rate using both methods and compare

Town Budget Questions

- Staffing Levels

- In 2009, the Village water system consisted of pumping facility and use of 12" water main for contact time to provide water disinfection (using City for chlorination). Staffing level was based on a Operator with a D license and operations at "plant" included tracking pump run times, routine pump maintenance.
- 2019 – the Village water system includes UV disinfection, chlorine feed system, operational changes to respond to HAB events. Staffing requires Chief Operator with a B and D license and a Back up Operator. Plant operations now include routine UV calibrations/transmissivity checks, chemical addition, higher level of administration and coordination with the Department of Health

Summary of Inputs to updated Analyses

- Annual O&M = \$386,000 (*decreased*)
- Capital Project Annual Debt Service Allocation (*No Change*)
 - Shared Debt Payment = \$215,241
 - Village Only Debt Payment = \$29,351
- Water Facility Valuation – updated to include UV Upgrades, water mains and storage facilities not included in 2009 valuation (*New cost*)

Current Year	2,019		
Category	Original Cost	Annualized Depreciation (\$)	Plant Value at Year of Analysis
Piping	\$1,926,934	\$19,269	\$1,630,995
Pumping	\$1,859,755	\$58,403	\$1,412,218
Reservoir	\$37,840	\$0	\$0
Tank	\$633,800	\$9,000	\$225,000
Grand Total	\$4,458,329	\$86,672	\$3,268,214

Summary of Rate Methods

Total Annual O&M	\$386,035	Town Flow %	57.66%
Shared Water Main Debt Service	\$215,241	Village Flow %	42.34%
Village Only Debt Service	\$29,351		
Annual Depreciation	\$86,672		
	\$717,499		

Method #1 - Individual allocation of O&M costs, Annual Depreciation and ROR included in town rate

Method #2 - O&M and Annual Depreciation allocation based on percent of flow.

Cost Category	Town		Village	
	Method #1	Method #2	Method #1	Method #2
Annual O&M	\$153,445	\$222,588	\$236,340	\$163,447
2018 Water Main Debt Service	\$124,108	\$124,108	\$120,484	\$120,484
Annual Depreciation	\$47,810	\$49,975	\$38,862	\$36,697
ROR	\$69,388	\$0	\$0	\$0
Total Annual Fees Dues	\$394,751	\$396,671	\$395,686	\$320,628
Town Rate (\$/1,000)	\$3.69	\$3.71		
<i>Rate calculated in 2018 =</i>		\$3.66		

Conclusion: The addition of ROR in Method #1 makes both methods essentially identical in determining Town Rate

Final Discussion Items

- Should the Municipal Board adopt a standard method of rate calculation?
- Current Budgets do not include an Annual Depreciation – target/goal for future budgets? If so, consideration should be given to a Capital Reserve Account under Water Fund.
- Consideration of Joint Ownership as requested by the Town?