

MINUTES of the Penn Yan Municipal Board Meeting held October 13, 2011 in the MUB Meeting Room of the Village Hall, 111 Elm Street, Penn Yan.

ATTENDEES: Chairman Rom French, Commissioners Dan Banach, Bruce LeClaire, Dave Payne and Jerry Nissen, Village Clerk-Treasurer Shawna Wilber and Director of Public Works Brent Bodine

ALSO ATTENDING: Mayor Robert Church, Village Trustees Wayne Davidson and Rich Stewart, Village Engineer Bob Elliott and Water/Sewer Maintenance Supervisor Ron Keech

ABSENT: Village Trustee Willie Allison and Assistant Director of Public Works Bill Jensen

Chairman French called the meeting to order at 8:30 am.

MOTION by Commissioner LeClaire, seconded by Commissioner Payne to approve the minutes of the Municipal Board meeting held September 13, 2011 with no revisions. Motion Carried.

MEUA Executive Director Tony Modafferi was present to provide the Board with information regarding the proposed NYPA rate increase as well as mutual aid agreements between municipal-owned and investor-owned utilities.

Mr. Modafferi began with some history about the proposed New York Power Authority (NYPA) rate increase. In January, 2009, NYPA proposed a rate increase, which was met with negative comments, especially since NYPA donated \$700 million to New York State coffers just prior to proposing a rate increase. In March, 2009, NYPA held a press conference to announce it would not proceed with a rate increase at that time. The MEUA and its member systems realized that, at some point, NYPA would propose another rate increase. In August of this year, the MEUA sent a letter to its member systems reporting that: "On July 26th, the New York Power Authority started the process of raising its preference power rates. The NYPA Trustees expect to act on it at their October 25th meeting." The proposed plan would increase rates by approximately 6% starting November 1, 2011, with additional increases of 6% to 7% each year starting May 1, 2012 through April, 2015. NYPA reconciles its rates and revenues to actual costs each rate year (May 1 through April 30) through the Rate Stabilization Reserve, or RSR. When NYPA postponed its rate increase in 2009, it did not forego recovery of its costs, it merely postponed it by adding the shortfall to the RSR. The RSR has a deadband of +/- \$25 million. And preference power customers now owe NYPA more than \$50 million for past shortfalls. NYPA has had a moratorium on RSR surcharges, but now proposes to start recovering the RSR shortfall through a surcharge of 0.05 cents, or one-half mill per kWh. This surcharge would start in May, 2014. The surcharge would likely remain in effect for several years to bring the RSR balance down to a deadband of \$25 million. Mr. Modafferi said that the MEUA has examined NYPA's documents supporting the proposed increase. The MEUA requested more information from NYPA to better prepare its comments, but information has still not been received from NYPA. All public comments were to be submitted to NYPA by October 1st, but that date has been extended to October 24th. While Mr. Modafferi can't be sure exactly what the rate increase will be, he asked Director Bodine to submit one of the Village's recent NYPA invoices so he could determine what the rate increase could be for the average Penn Yan customer.

Mr. Modafferi then discussed the subject of mutual aid agreements between municipal-owned and investor-owned utilities. He stated that the MEUA has regional liaisons who are in charge of locating and providing assistance to member systems. This program has been in place for years and works well. Because of the many ice storms in recent years, the federal government has passed a Resolution making it mandatory for municipalities to complete an application and file it with the APPA if they wish to be eligible for FEMA funds. The municipalities work out the charges for mutual aid amongst themselves. Mutual aid also occurs without getting the regional liaisons involved. Investor-owned utilities such as RG&E and NYSEG assist municipalities and vice versa. Commissioner

Banach suggested that perhaps an agreement could be prepared outlining liability and service protocols that both municipalities and investor owned utilities could sign. Mr. Modafferi said that such an agreement is being developed by the MEUA. The MEUA is also working to develop an introductory course on public power, which would be targeted to newly-elected or appointed elected officials, board members, commissioners, directors and assistant directors.

Chairman French invited Mr. Modafferi to stay for the remainder of the meeting, which he did.

Water/Sewer Maintenance Supervisor Ron Keech was present to inform the Board about water and sewer projects. The E. Elm Street water line project has been completed. The Board commended Supervisor Keech and his crew for the great job they did on that project. The water/sewer crew will be responsible for the new, outside plumbing which will service the new bathhouses at Red Jacket Park. An outside contractor will be hired to do the indoor plumbing work. Hydrant flushing took place the end of September and now the crew is performing hydrant maintenance work. In addition, the water/sewer crew will monitor the progress of the upcoming sanitary sewer slip lining project on lower Keuka Street. I&I inspections are continuing on that portion of Keuka Street so we can identify and correct any I&I situations before the slip lining project begins.

(Water/Sewer Maintenance Supervisor Keech left the meeting at 9:21 am.)

Director Bodine received a letter from Town of Milo Attorney Bob Foster in which he requested, on behalf of the Town of Milo, permission for the Town to provide water to a customer that is clearly outside the service boundaries, Yates County property bordering Airport Drive. Director Bodine sent a letter to Attorney Foster stating: "Our Municipal Utilities Board will not grant the Town of Milo permission to provide water to any customer outside the service boundaries currently defined in the Contract. Instead, they encourage Milo to reconsider filing for a water district extension and amending the current Contract. Please let me know if you decide to pursue this option." Chairman French and Commissioner Banach later met with Town of Milo Supervisor John Socha and Councilperson Leslie Church and the Town understands that it would need to extend and modify the existing water district to serve this particular customer and then update its existing contract with the Village to reflect the changes.

MOTION by Commissioner LeClaire, seconded by Commissioner Payne to hold an Executive Session at the end of this meeting to discuss contract clarifications. Motion Carried.

MOTION by Commissioner Banach, seconded by Commissioner Nissen to recommend to the Village Board that the Municipal bills for the month be paid as follows:

Electric Fund	\$111,859.95	
Water Fund	\$ 37,708.27	
<u>Sewer Fund</u>	<u>\$ 31,441.71</u>	
Total Municipal Audit	\$181,009.93	Motion Carried.

(plus)

<u>General Fund</u>	<u>\$ 48,946.94</u>
Total Village Audit	\$229,956.87

Clerk-Treasurer Wilber provided a report. She has finished the audit with the auditors. The annual reporting for the State and the Public Utilities Commission are complete and were submitted before the deadline, and a draft of the financial statements should be completed by the auditors next week. An exit interview with the auditors will take place after that. Village Trustee Stewart had e-mailed several questions to Rom French's attention with regard to over-expenditures of the water fund. The budgeted amount of depreciation was \$ 275,000 but \$324,000

was spent. Clerk-Treasurer Wilber explained that, in the enterprise funds, water and sewer, depreciation is handled differently than it is in the general fund.

In the general fund, you have an expense, you pay it, and the budget balances. On the Municipal side, cash flow is generated and the funds take depreciation into account. Either way, the goal is to correctly state the value of your assets. Depreciation is calculated by taking the cost of a fixed asset and dividing that by the number of expected useful years of that asset to arrive at a correct value. The depreciation line item is a specific number that reflects pieces of equipment and what we intend to purchase are considered capital assets, so comparing the two would be like comparing apples to oranges. During the last fiscal year, the water fund revenues were lower than projected. Several line items were overdrawn, including 'meters' and 'contractual services'. But within the larger sections these line items fall under, the department was not overdrawn and there was money left over. Ms. Wilber monitors each line item, and when a purchase requisition is submitted, they are not approved until she knows for sure she can pull money from that section of the budget if that purchased item is covered by a line item that is close to being overdrawn. These are enterprise funds, calculated differently than the general fund. In governmental accounting, an enterprise fund is a fund that provides goods or services to the public for a fee that makes the entity self-supporting; an example is a government-owned utility. Clerk-Treasurer Wilber assured Trustee Stewart that the auditors would have commented if this accounting method were not acceptable and not being done correctly. Trustee Stewart commented that he was satisfied with Ms. Wilber's explanations.

The Municipal Board is committed to eventually doing away with all septic systems within the village limits and connecting those homes to the sanitary sewer system. Director Bodine has sent a list to Watershed Inspector Paul Bauter of all the septic systems the Village owns and/or monitors as well as privately-owned systems. Director Bodine will work with Mr. Bauter to develop a plan on how to eventually eliminate these systems.

The monthly letter from the New York Power Authority (NYPA) regarding firm hydro energy for the month of October stated that there would be no reduction in firm hydro energy sales to NYPA's hydropower customers for the period of October 1st through 31st. Mr. Modafferi said there could eventually be a reduction or curtailment of firm hydro energy since the upper Great Lakes are nearing low record elevations.

The Board has agreed that legislation needs to be established outlining what is and is not allowed with regard to electric heat. Director Bodine, Commissioner Payne and Code Enforcement Office Lyon will work on draft legislation for the Board to review.

The MEUA Engineering/Accounting and Finance Workshops are being held November 9th and 10th in East Syracuse, NY at a cost of \$80 per person.

MOTION by Commissioner LeClaire, seconded by Commissioner Payne to authorize the attendance of up to eight (8) employees at the MEUA Engineering/Accounting and Finance Workshops being held November 9th and 10th in East Syracuse, NY at a cost of \$80 per person. Motion Carried.

The NYMPA Semi-Annual Meeting is being held October 19th in East Syracuse, NY at a cost of \$50 per person.

MOTION by Commissioner Nissen, seconded by Commissioner LeClaire to authorize the attendance of up to three (3) employees at the NYMPA Semi-Annual Meeting being held October 19th in East Syracuse, NY at a cost of \$50 per person. Motion Carried.

Electric services were extended to the building, owned by VinRosa Builders, Inc., at the corner of Liberty and Water Streets. The electric service to the building was upgraded and a new transformer installed. The total cost of this work was \$10,800.91; Vin Rosa has already paid \$5,640.86, so a balance of \$5,160.05 remains. This was just for the Board's information.

Last month, Director Bodine was asked to write a letter to developer David Eade who is assisting with establishment of a Tractor Supply store on land in the Town of Milo on Route 14A, just south of Phelps Sungas. In the letter, he was asked to outline an option to provide water service to the new store by connecting the new water service to the twelve-inch line that services Horizon Business Park (using a contractor to do the work). Director Bodine sent this letter to Mr. Eade October 4th. The Village would need to approve the engineering drawings and oversee the work done by the contractor. The water line would be turned over to the Village when completed. Annexation into the village will be applied for once Mr. Eade has a signed letter from the Tractor Supply Corporate Office, which he anticipates receiving the first week of November.

With regard to the lower Keuka Street sanitary sewer slip lining project, bids are due November 2nd for the cured in place pipe. Bid results will be discussed during the November MUB meeting.

Director Bodine provided an update on the Water Distribution System Modeling project. Bill Weber will be scheduling a meeting early in November to discuss THM/water age data and the development of a plan to improve THM readings via pumping, water routing and flushing.

Director Bodine and Village Engineer Elliott are working with the Finger Lake Economic Development Corp. on a grant application which will be submitted through the Consolidated Funding Application process. This grant money would help offset the cost of water and sewer infrastructure improvements to foster waterfront development. The application is due by October 31st. According to the Hunt Engineers infrastructure study of the waterfront area, the existing electric service would be adequate for new development and will not be part of the requested funds.

Painting work continues on filter #1 at the Water Treatment Plant.

A 650-foot roll of fiber optic rope lighting was purchased in 1998 as part of water plant upgrades but was never installed. Director Bodine asked for the Board's permission to declare it as 'surplus' so it can be disposed of appropriately.

MOTION by Commissioner LeClaire, seconded by Commissioner Nissen to declare 650 feet of rope lighting as 'surplus' and dispose of it appropriately. Motion Carried.

There are three pallets of Anthracite at the water plant that should be declared as 'surplus' and sold to the highest bidder.

MOTION by Commissioner LeClaire, seconded by Commissioner Nissen to declare three pallets of anthracite as 'surplus' and sell to the highest bidder. Motion Carried.

Director Bodine reported that a signed copy of the Town of Pulteney water contract Amendment has been returned to the Village and this particular project has been completed. Director Bodine was asked to provide a copy of the signed Amendment to Clerk-Treasurer Wilber and Village Engineer Elliott.

Chairman French, Commissioner Banach, Director Bodine and Wastewater Treatment Plant Chief Operator Sward were impressed with the sludge dewatering press that was used on a trial basis. The type of unit our plant would need would cost approximately \$170,000. It was agreed that a review be done of various types of sludge dewatering presses to determine reliability and cost-effectiveness.

A meeting with CASP Plant Manager Roland Klimm was held September 30th. The Dissolved Air Flotation (DAF) System project is underway with the completion date set for November 15th, two weeks ahead of the projected completion date.

Director Bodine mentioned that the bar screen at the Cherry Street pump station works well, but there are still items customers are flushing down their toilets that are getting past the screen and into pump station equipment. Secretary Fox mentioned that an educational pamphlet is available called "It's a Toilet, Not a Trash Can". She was asked to order the pamphlets for inclusion with the sewer bills.

The Board reviewed a draft of a letter Director Bodine prepared for Town of Milo Supervisor John Socha about the privately-owned sewer system at Keuka Estates and the fact that the Town is responsible for the enforcement of the Village's Sewer Use Law with regard to this property. The Board approved the draft and asked that Director Bodine forward it to Village Attorney Brockman for his review and approval.

Village Engineer Elliott is working on the application for the SPDES permit renewal for the Wastewater Treatment Plant. The application needs to be submitted to the NYS DEC in Albany by October 21st.

Chairman French and Commissioners LeClaire and Banach plan to attend the Village Board meeting on October 18th.

MOTION by Commissioner Payne, seconded by Commissioner LeClaire to approve the payment agreements in the amount of \$7,408.52. Motion Carried.

Director Bodine met with Attorney Brockman last week and provided him with information about the driveway that goes to the Benton Hill reservoir. Attorney thinks it may be necessary to do a survey in order to prepare permanent easements. Attorney Brockman is still reviewing this and may know more by the time the Village Board meets on October 18th. Director Bodine suggested that the MUB pass a MOTION, just in case such a survey is needed, so the Village Board can pass it as well during its September meeting.

MOTION by Commissioner LeClaire, seconded by Commissioner Banach to recommend to the Village Board that a survey be done of the driveway leading to the Benton Hill reservoir, pending Attorney Brockman's determination that such a survey is needed. The cost of this survey has been estimated at \$500. Motion Carried.

MOTION by Commissioner LeClaire, seconded by Commissioner Payne to adjourn into Executive Session at 11:15 am to discuss contract clarifications. Motion Carried.

MOTION by Commissioner LeClaire, seconded by Commissioner Nissen to adjourn out of Executive Session at 12:10 pm and return to the regular meeting. Motion Carried.

MOTION by Commissioner Payne, seconded by Commissioner Banach to adjourn the meeting at 12:14 pm. Motion
Carried.

The next Municipal Board Meeting will be held Tuesday, November 8, 2011 at 8:30 am in the MUB meeting room on the second floor of the Village Office building.

A photo of the Municipal Board will be taken before the start of the November meeting.

Karen M. Fox, Secretary