

A workshop was held by the Town Board of the Town of Moreau on May 20, 2015 in the Town of Moreau Municipal Building, 351 Reynolds Road, Moreau, New York for the purpose of hearing a presentation on a Water Asset Management Plan report.

Supervisor Jenkins called the workshop to order at 7:03 p.m.

The Town Clerk called the roll.

### **Town Board Members Present**

Gina LeClair	Councilwoman
Todd Kusnierz	Councilman
Robert J. Vittengl, Jr.	Councilman
Preston L. Jenkins, Jr.	Supervisor

### **Town Board Members Absent**

Bob Prendergast	Councilman
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**Also present:** Leeann McCabe, Town Clerk; Tim Burley P.E., c2ae; Jesse Fish, Water Superintendent; Jamie Graul, Water Department Laborer; Reed Antis, Planning Board member and Town Resident; Harry Gutheil, Village Resident; Terry Clark, Town Resident

Supervisor Jenkins welcomed everyone to the workshop and asked that any electronic devices be silenced or turned off.

Tim Burley, P.E. from c2ae handed out to the Town Board the Asset Management Plan that was prepared by c2ae along with a map of the Town's water districts.

Mr. Burley stated that the Town engaged the services of his company to prepare an Asset Management Plan on the water system. The framework of the plan was done by using the EPA's handbook of Asset Management Plans for small water systems.

Mr. Burley began his presentation by stating that Part 1 is to develop a baseline of existing assets. He asked everyone to turn to Tab #1. He created a System Inventory Worksheet by District and District Extension and were cataloged as they were created. He went over the categories. Expected useful life for hydrants and valves and non-pipe things he put at 70 years and the useful life of pipes will be maximized at 80 years due to the geology of the Town. The chart shows the expected useful life and the age of the systems to calculate the remaining useful life.

Tab #2 is a Prioritization Worksheet that was calculated by Districts, using the components of the base line inventory. The remaining useful life, criticality of failure and redundancy and you assign it a priority. The inventory of the pipelines were done by road instead of lumping everything together by District. You would want to look at your water lines the same time as you were doing your road. You don't want to rebuild a road and then have to tear it back up a year later to repair water lines. Mr. Burley stated that his prioritizations are subjective and that there's no black and white.

Tab #3 is a Required Reserve Worksheet that is summarized on the first page and then broken down by District and District Extension. Councilman Vittengl asked if inflation is factored in the numbers and Mr. Burley replied "no", it's not in the EPA small systems framework. On the summary worksheet, he has broken out the shared assets. The tank recoating and interconnect elements. He grouped those assets separately because he thought it would be interesting to break them out and show that they are shared assets. Mr. Burley stated that these figures can be programmed back into each individual district but his take away from the meetings he had with the Town was to carry them separately. The individual Requires Reserve Worksheets show the assets broken down by District and Street with the quantity times the unit cost (based on 2013 figures) giving a total cost divided by the remaining life equals the Reserve Required for the Current Year. Mr. Burley stated that the Asset Management Plan is a planning tool not a project tool. What he's hearing from the program people from EFC is that they would rather see money spent on existing infrastructure before new infrastructure. The Government would like to not be in a position to bail communities out that allowed their assets to deteriorate.

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Tab #4 Mr. Burley tracked the Town's Districts by financial data. He used the same codes to keep it familiar to those looking at the report at budget time. He ran the figures out 10 years. He explained the graph at the end of Tab #4 showing the projected fund balances through the year 2025. He took the Town's information and applied a 1% growth rate on everything whether it was growth in revenues or growth in appropriations. At this point he only had two years of background data.

Tab #5 Mr. Burley first went over the graph that displays fund balances from 2007 through a projected 2025 with a breakdown of a 10 year budget including a 1% inflation factor. The figures are meant to be a tool at budget time to work with the bookkeeper and plug in numbers. Mr. Burley stated that because we don't bill on an EDU basis so we will continually have to recalculate the rates based on consumption, so he did program into the spreadsheet the ability to change estimated quantities each year.

Tab #6 Mr. Burley stated is more for support. He took the Town's repayment schedules and plugged them in for convenience.

Mr. Burley stated that when he had to get water supply permit information it was difficult due to the different water billing cycles. It's hard to project the usage because the billing cycles are different. He stated that it's not a reason to change the cycles it would just make it more elegant. He stated that according to the Association of Towns meetings that he's attended, Quarterly billing seems to be the dominant billing method and most of the communities that he's worked with use quarterly billing.

Mr. Burley completed his presentation and asked if there were any questions.

Councilman Vittengl asked if roughly the water districts are worth \$16,000,000.00 and Mr. Burley replied "yes". He also stated that the debt for district 6 is \$3.8 million and for district 1 is \$5.2 million. So roughly a third of the value is in debt.

Councilman Vittengl stated that the biggest expense will be to repaint the towers. Mr. Burley stated that his company just did a project and it was \$500,000.00 to paint the inside of a tank. Mr. Burley stated that the Town's old water tank had been painted in 1996 and asked if it was sand blasted. Harry Gutheil replied that it was. Mr. Burley stated that the category for painters has changed. They've been put into a higher risk category which has increased their NYS hourly wage rate of pay. Solvents don't get used anymore when a tank gets painted. It's a 100% coating system. They mix two components chemically at the nozzle and that's how they apply it to the tank. Previously to this regulation when a tank was painted you had to wait a certain amount of time and then do chemical tests to make sure the volatile organics that came out of the paint weren't in the water and then you could begin to use the water. They eliminated that problem at a \$1.00 expense with the 100% solid coating system. It drove the prices through the roof. Councilman Vittengl asked if the Town should be setting aside \$92,000 per year to re-paint the tanks and the answer from Mr. Burley was "yes". He commended the Town Board for setting aside the money they receive from the cell towers for tank re-coating. Most municipalities put it in their general fund.

Councilman Kusnierz asked about the required reserve worksheet and asked if Mr. Burley came up with the figures assuming that the Districts were consolidated. Mr. Burley replied "no". He aggregated it as a total. He wanted to do his due diligence by reporting it separately and combined. Councilman Kusnierz asked, how do municipalities with different age infrastructure and different districts in different debt stages consolidate? How do they address issues of fairness to do a consolidation? Mr. Burley stated that historically, prior to the last 10 years, the strategy was to let the infrastructure run into the ground and then get a grant to fix it. All of that changed about 5 or 6 years ago and now the program is to reward stewardship. His research on consolidation as described by the Town Attorney in Messina and his takeaway from the Comptroller is whatever method you use to do a consolidation, you have to make a determination either to aggregate your debt or keep it separate. Either one was acceptable but it has to be face front in the resolution how you are going to handle the consolidation. Messina chose to freeze the fund balances and as problems occur within each of the existing districts, they'll repair that districts problem with that reserve but going forward because they set up a capital reserve, all the monies went into the consolidated district reserve. They went through the whole process and at the end of the day, they

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thought they had nailed it. Their bookkeeper didn't think it went as nicely as they thought it would. They thought they had simplified the administrative burden but they actually added a burden by adding another district. They are now maintaining all the debt by district and the capital reserve fund went to the new district. Her comments to Mr. Burley were that they should have thought harder about putting it all together. Mr. Burley had a conversation with a gentleman out of New York City regarding consolidation who has had much more exposure to consolidation than himself. The Town Board would have to clarify in the resolution how they would handle it.

Councilman Vittengl asked if the number of users is accurate as some accounts have multiple EDU's. Mr. Burley replied that some of the mobile home parks and Hexion have multiple EDU's. He's going to double check the number of users. It was a while ago when this was discussed and he can't remember if the numbers include all of the users or just the number of accounts.

Supervisor Jenkins stated that it brings us back to the question, how do you account for the debt, if you form a district and the debt is separate? Mr. Burley stated that there's a pretty standard formulation based on equivalent usage. You count the bar seats and chairs and you come up with a number and it's an EPA table. It's very well put together EDU table. Schools are calculated by the number of staff and students divided by 15. Councilman Vittengl took the water usage for the year, 219,000,000 gallons and Tim Burley interjected for that year (2013), he took the number of users and added in a figure for users for mobile homes and such and came up with an approximate of 3,000 users. He divided that into the consumption and it comes out to 200 gallons per customer and asked if that was the EDU number. Tim Burley replied "yes". With his model, you can plug any number in over time if you have growth.

Reed Antis asked the difference between ductile iron piping and asbestos cement. Mr. Burley stated that there are three different types of lines: ductile iron, asbestos cement and PVC. Mr. Antis asked if the asbestos lines are a concern and Mr. Burley replied that it is not for water quality. If the line is being taken out of service it's a problem getting rid of the line. To abandon the line is better. It's not cheap to get rid of it. Mr. Antis asked if ductile iron has a finite life. Mr. Burley replied 70-80 years. PVC is equivalent to ductile iron but costs less. But if the price of petroleum goes up, the price of PVC goes up. At the present time, it's \$5.00/foot less to do PVC than ductile iron.

Harry Gutheil asked about the costs of the tank re-coating and how Mr. Burley came up with the numbers. Mr. Burley stated that he used an average cost of \$2.50 but also stated that the prices are going up and recommended getting quotes for better numbers in the worksheet. Mr. Gutheil asked if he looked at the fund balances. The answer was "yes" he had the Bookkeeper help him with fund balance and she gave him the history from 2007 through 2014.

Mr. Gutheil stated that some districts had the re-coat built into the rates and is afraid that the Town is double billing people. Mr. Burley stated that they can go back and look at the consumption versus the revenues. He also stated that if they take the rates up too high, people will automatically go into a conservation mode and won't use as much water. Once they start conserving, they tend to stay conservative. This would have an effect on the revenues and the Town would undershoot their budget.

Mr. Gutheil asked what the life on the tank coatings is and Mr. Burley replied 20 years, conservatively. The Department of Health wants inspections of the tanks every five years and he programmed that into the figures. It's better to plan and save and every extra year you get that you don't have to re-coat would go into a reserve. You can always change the trajectory of how you want to save.

Mr. Gutheil asked about the cathodic protection. Jesse Fish stated that the Nolan Road tank had a robotic inspection last summer and is in phenomenal shape. The cathodic protection is keeping it in good shape.

Councilman Kusnierz asked how thick the steel is and Mr. Burley replied the older tank is about 5/8" at the bottom and 1/4" at the top. It's graduated as it goes to the top.

Mr. Burley will send more copies of the Asset Management Plan in case there are people that would like a copy.

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A motion was made by Councilman Vittengl and seconded by Councilwoman LeClair to adjourn the workshop at 8:36 p.m.

Roll call vote resulted as follows:

Councilwoman LeClair	Yes
Councilman Kusnierz	Yes
Councilman Vittengl	Yes
Councilman Prendergast	Absent
Supervisor Jenkins	Yes

Meeting adjourned.

Respectfully submitted,

Leeann McCabe  
Town Clerk