

A special meeting of the Town of Moreau Town Board was held on August 26, 2013 in the Town of Moreau Municipal Building located at 351 Reynolds Road in the Town of Moreau, New York, for the purpose of discussing consolidation of water districts, water rates, etc.

Supervisor Jenkins called the meeting to order at 6:30 p.m.

The Town Clerk called the roll.

**Town Board Members Present**

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

**Town Board Members Absent**

None

**Also Present:** Jeanne Fleury, Town Clerk; Jesse Fish, Water Superintendent; Tim Burley, Engineer for the Town from C2AE; Jamie Munks, Post Star Reporter; Town Residents: Bobbi Spaulding, Reed Antis, Bobby Dick, Mr. & Mrs. Dzialo

Supervisor Jenkins welcomed everyone to the meeting. He acknowledged Tim Burley the Engineer for the Town and Jesse Fish, Water Superintendent.

Supervisor Jenkins said the meeting was called for the purpose of discussing the consolidation of water districts and whether or not the Board wanted to consolidate districts, agricultural water rate and water rates in general.

Supervisor Jenkins said he was personally in favor of consolidation of water districts in order to simplify things. There is a lot of administrative expense involved to all the separate districts. He also said that all the water customers use all of the equipment, piping, water tanks and hook up to Queensbury and that consolidation would put everyone on the same water rate.

Tim Burley talked about how the Governor a couple of years ago tried to consolidate the smaller rural government units and the reduction in the number of districts. His community had seven districts and it was a nightmare from a billing standpoint and their software couldn't track payments received for each district. There were some meaningless fees and a water tank that was is one district, but used by all water users. To alleviate all this his community consolidated water districts and did an asset inventory. They rewrote the boundary descriptions for all districts so they were included within one consolidated district. They listed assets and what the previous fees were and the proposed fees. He said the key was to decide how to handle capital reserves. They created a new capital reserve consolidated district and decided that from that day forward they would pay into that fund. Two years later the Board decided that consolidation didn't solve what they wanted it to and they had to redo the process. He said that he has been doing his job for 20 plus years and he has been through only one consolidation. Moreau would be his second. He also noted that if the Town of Moreau consolidated water districts they would have to write a new "use in charge law".

Councilman Kusnierz asked Tim Burley what would happen in the districts that aren't allowed to use their well water. Right now some districts can use their well water and others can't. If the districts were consolidated what would happen.

Tim Burley said they would have to work that out and a new law would have to be worked out.

Councilman Kusnierz asked if it would be a problem in that we received a 0% loan for 30 years for one district.

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Tim Burley stated that once you close a project it is up to the Board on how to bill it as long as the Town Law is followed.

Councilwoman LeClair asked Tim Burley if there was a big difference in fund balances in Massena and Tim Burley replied yes.

Councilman Kusnierz stated that he understands the reason for consolidation from an administrative standpoint, but the fund balances in some of the districts at the end of 2012 was a combined total of around \$2 million and it is now around \$1.3 million as far as he knows.

Tim Burley stated that the EPA and DOH and funding agencies are pushing for asset management and asset management would give us extra points for funding. They are looking for sustainability. He said there may seem to be a huge fund balance, but when you have old asbestos cement pipes like those in Water District 1 it may not be enough money if the system has to be replaced. The government agencies want to know that in 30 years they won't have to bail the municipality out.

Councilman Kusnierz said he understands what the State wants, but the rate payers in those districts with the large fund balances have paid their debt and paid into those fund balances and he doesn't know how in good conscience he could take their money and pool it with other districts. He said it is unethical and immoral to do so. He said he would have to see a mechanism in place to address this whereby the people in those districts would derive a benefit if consolidation of districts moved forward.

Supervisor Jenkins stated that he has lived in Water District 2 for 38 years and if he left the district tomorrow he wouldn't expect to take the money with him.

Councilman Kusnierz said it isn't the individual's money, but it is the district's money.

Supervisor Jenkins said that if Water District 2 had to be reconstructed he suspected it would cost about \$5,000,000.00 to \$6,000,000.00 and Tim Burley said about \$100 a foot.

Supervisor Jenkins said that if they consolidated districts maybe they could keep the fund balances separate and if Water District 2 needed reconstructing to the tune of \$5,000,000.00 then maybe Water District 2 would chip in first and all the other users second.

Councilman Vittengl stated that there are two districts now that are antiquated and Water District 2 is one of them. He asked Jesse how much it would cost to replace all the meters in Water District 2.

Jesse Fish replied about \$140,000.00.

Councilman Vittengl said they would have to add labor for the installation of the meters into that figure so say about \$200,000.00. If \$200,000.00 was paid out of the fund balance for Water District 2 for this purpose then the fund balance would be lower right from the get go.

Tim Burley stated that January 1<sup>st</sup> there is going to be a low lead requirement put in place so the cost of all appurtenances is going to go up by about 25% to 30%.

Councilman Prendergast said he has some concerns over consolidation of water districts. He said some districts have large fund balances and some don't. He thought it would be easier for people to accept the consolidation if the money remained in the individual districts. He can also understand how administration could be a nightmare. He wondered if they could feather in the consolidation over a 3 or 4 year period. For the sake of discussion he said that if each district had fund balances of more than \$100,000.00 each maybe they could consolidate and only pool together \$100,000.00 from each district and leave the remaining fund balances in tact in each district and then start building up the fund balances

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from there. If a problem arises then maybe we could use the money in the Water District 1 and 2 funds first and then dip into the pooled money later.

Tim Burley said the first order of business would be to get everyone on the same billing cycle and set up an O&M reserve. He stated that the days of 0% interest free hardship loans may be over. The Town's texture has changed and the Town is no longer a rural small community. He spoke about closing the loop by connecting Sisson and Bluebird Road to the system and how it would prevent stagnant water in that area and improve fire flows. However, right now there are six users in that area that would have to share the \$150,000.00 cost to close the loop. If the districts were consolidated then capital reserve monies could be used to close the loop.

Councilwoman LeClair asked Tim Burley if there is a way he could look at the districts and give them an idea of how their costs each year is based on building up a reserve fund for their future needs.

Tim Burley said the workbook he provided to the Board Members would be a starting point for them to do that.

Councilman Vittengl did some research on water districts around the area and across the country and found that in general fund balances have been used to lower their water rates and then when there was a major problem with infrastructure there wasn't any money to fix it. Nationwide you see a per gallon fee for infrastructure. The fee is anywhere from 15 cents to 35 cents. The fee has risen 25% between 2010 and 2013. Infrastructure costs have increased dramatically. One way to balance the six water districts, three towers, multiple rates and different billing cycles, may be to take each district and see what the needs are for each district to bring them up to speed and deduct that out of the fund balance and then see what we have left and then balance it out in the other districts and get the water rates down to a reasonable figure and then add a small surcharge over a three year period to balance out the other districts. He asked Tim Burley if this made sense.

Tim Burley said he was talking about an implementation strategy and look at the numbers to see if they could get there from here and see if the State Comptroller will allow it. The State Comptroller is no longer allowing the creation of new water districts contiguous to other districts. Water District 1 Ext 2 would have had to have been three districts.

Jesse Fish, Water Superintendent, asked if they consolidated the water districts and say five years down the road the Town created a new water project would that project be part of the consolidated district or would it be an extension.

Tim Burley replied that it would be an extension. There would be the Moreau Consolidated Water District No. 1 and Extensions 1, 2, 3, etc.

Councilman Vittengl noted that Stillwater is combining their water districts and they have 900 water customers and their rates are \$7.25 and \$8.37.

Councilman Kusnierz asked Tim Burley if there has ever been a case of a ten-year rate and after ten years the rate goes down as a sort of give back and they derive a benefit from it.

Tim Burley replied that he saw a couple of instances where water lines were installed privately and the water users that installed the line were given a rate that was half of the normal rate in recognition that they paid for that asset themselves.

Tim Burley stated that due to regulatory changes, in about 20 years when a water tank needs repainting it is going to cost between \$500,000.00 and \$750,000.00.

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Tim Burley recommended that the revenue derived from the cell phone companies who site their antennas on the water towers be kept in their districts and reserved towards future tank repainting costs.

Supervisor Jenkins stated that in another 24 to 30 months there is going to be another \$600,000.00 coming into Water District 1 towards capacity purchases.

Councilman Kusnierz said that what he didn't understand was why the State faults the Town for excessive fund balances in four of our six water districts and yet they want us to do consolidation asset management so that we will have money to take care of our infrastructure.

Councilman Prendergast stated that they should do an asset management study anyway. It may open their eyes as to what they should do about consolidation. He asked Tim Burley how long it would take to do an asset management study.

Tim Burley replied that it would take a few months.

Councilwoman LeClair asked what the cost would be and Tim replied \$8,000.00 to \$10,000.00.

Supervisor Jenkins asked Tim Burley to send the Town Board Members a proposal.

Supervisor Jenkins stated that when we actually finalize the extension to Water District 1 then maybe the Board could take a look at the capacity buy-in fees and installation fees that total \$3,100.00.

Councilman Prendergast stated that questions arose recently about the \$3,100.00 cost to hook up to the water system and he asked Tim Burley to talk about this fee.

Tim Burley said the fee of \$3,100.00 was meant to be looked at periodically and possibly adjusted. He spoke about how growth in the Town was queuing up in 2009 and the Board was dealing with how to handle the rate of growth. The Town had just incurred the cost of a new water tower and the Town purchased additional storage capacity of up to 150,000 gallons. All capital fees, water tank storage fees, the Queensbury fee, etc... was taken into account when the fee was derived. The Town now has three water towers and it may be time to revisit the formula.

Councilman Prendergast asked where the \$3,100.00 stands today and Tim Burley replied that he would guess that it maybe could be a little less, because of the significant growth in the Town EDU wise.

Councilwoman LeClair asked if there was a way to find out how many people within the water districts don't use the water and how many aren't hooked up.

Jesse Fish said the Town Clerk's Office should be able to provide that information.

Tim Burley said there was a way to dump the billing software file into the GIS system at the county to find this out.

Supervisor Jenkins asked Jesse Fish if he thought the fee of \$1,400.00 for capacity buy-in still applied.

Jesse Fish replied that he thought so based on the labor for two people and cost of equipment to do the hook up.

Councilman Kusnierz asked Tim Burley about the Reservoir Road water project.

Tim Burley replied that he read a report that indicated that the people along Reservoir Road were contacted and asked if they wanted to hook up to the water system, but it has come to light that it appears that they weren't contacted.

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Mr. and Mrs. Dzialo who were present said they weren't contacted.

Councilman Kusnierz asked Tim Burley if he had a recommendation on how to address the requests for hook up to the water system on Reservoir Road.

Tim Burley stated that when people were hooked up to the system in Water District 5 they had to sign an access agreement. He said that perhaps the people who now want water on Reservoir Road could sign an access agreement and the Town Board could come up with a per unit price for the hook up and it could be paid for out of the Water District 5 account if there is enough money to do this.

Supervisor Jenkins stated that he has heard that some paid \$700.00 to hook up to the system when it was installed plus \$400.00 for a meter and they had to do their own connection from the road into the house.

A resident present said that Chet Sanders paid \$600.00.

Supervisor Jenkins said a fee of \$400.00 should also have been paid. There is a developer paying \$1,700.00 towards capacity for every house he builds off Reservoir Road and Jesse Fish added that the developer has to pay for his own infrastructure too.

Councilwoman LeClair reiterated what she said in the past and that was, what would we do about people who want to hook up in other districts. What do we charge them? Also, there would have to be refunds given to people who already hooked up on Reservoir Road and paid the \$3,100.00.

Councilman Prendergast stated that perhaps the asset management plan may give them a chance to reduce the buy-in.

Supervisor Jenkins stated that in regards to an agricultural water rate, he would put it on the agenda for the next meeting and it was his recommendation that they set a rate for all water districts.

Councilman Prendergast asked if isn't the current agricultural rate of \$2.18 in Water District 4 and 5 is lower than what it costs the Town for water.

Supervisor Jenkins replied yes. In 2012 the cost of water was about \$2.72 per 1,000 gallons if they factored in everything.

Councilman Prendergast asked how they could charge less than what it costs for water. He was all for setting an agricultural rate, but it should be brought up to what we have to pay for water.

Councilman Kusnierz said the Town has been an advocate for the agricultural industry. He said that normally agricultural operations use more water than residential users so offering an agricultural water rate would be one way to advocate for the agricultural industry. He said he didn't suspect that there would be a lot of users on the agricultural rate.

Supervisor Jenkins said there is one customer now on the agricultural rate.

A motion was made by Councilman Prendergast and seconded by Councilman Vittengl to adjourn the meeting at 8:15 p.m.

Roll call vote resulted as follows:

Councilman Vittengl	Yes
Councilman Prendergast	Yes
Councilwoman LeClair	Yes

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Councilman Kusnierz	Yes
Supervisor Jenkins	Yes

Meeting adjourned.

Respectfully submitted,

Jeanne Fleury  
Town Clerk