

A workshop of the Town Board of the Town of Moreau was held on June 21, 2012 in the Town of Moreau Office Building, 61 Hudson Street, South Glens Falls, New York, for the purpose of discussing the water districts.

Supervisor Jenkins called the meeting to order at 7:00 p.m.

The Town Clerk called the roll.

Town Board Members Present:

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| Robert J. Vittengl, Jr. | Councilman |
| Bob Prendergast | Councilman |
| Gina LeClair | Councilwoman |
| Preston Jenkins | Supervisor |

Town Board Members Absent:

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| Todd Kusnierz | Councilman |
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Also Present: Jeanne Fleury, Town Clerk and Jesse Fish, Water Superintendent

Supervisor Jenkins handed out information on operation expenses and revenues for all the water districts for the Year 2011 and information on projected revenues and expenditures for 2013.

He reviewed this information with the board members.

Supervisor Jenkins stated that there is a problem with the allocation of expenditures amongst the water districts. He used as an example, payroll, the allocation is based on consumption.

He said that if you factor in all the operating costs our average cost per 1,000 gallons is \$3.14.

He said there is a more significant problem in that when we make our first payment on the \$165,000.00 debt for Water District 1 Extension 3 there are things included that shouldn't be charged to that district. The board will have to discuss this. The first payment may not be due until 2014.

His biggest concern is that there are five water districts subsidizing the industrial park and that shouldn't be. If we are going to subsidize the industrial park and support an industry then it should be a general fund item.

Supervisor Jenkins briefly went over the 2013 projected revenues and expenditures and stated that based on this information and based on the assumption that the water districts would be merged, he arrived at a recommended water rate of \$2.75 per 1,000 for all water users and that water customers are billed quarterly with a minimum charge of \$27.50.

Supervisor Jenkins stated that if a merger of the water districts does not take place then we will have some issues over how we allocate the costs. There would also be the question of who pays for new debt and who doesn't in the future.

Councilman Prendergast asked if based on the projected/estimated water usage in 2013 does the contract we have with Queensbury allow us sufficient capacity.

Supervisor Jenkins replied yes. The contract allows 1.25 million gallons of water per day. If the Village comes onto our system for a few months while they build their pumping station, it could be a problem. He asked Jesse Fish what the usage was yesterday and Jesse replied 1.270 million gallons and he got a call from Chris Harrington with the Queensbury Water Department wanting to know how much we used, because the "bottom fell right out over there". We are at our threshold right now.

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Councilwoman LeClair asked what will happen when we hook up to the Saratoga County water supply. She asked if we will still pull as much water as we can from the Town of Queensbury and then switch to the county.

Supervisor Jenkins said we will have to contract with Saratoga County for some amount, whether it will be 150,000 or 200,000 gallons per day with an option that we may need more water when the Village comes onto our system temporarily. When the Village comes onto our system and if we have hot days like this we may need more water.

Supervisor Jenkins stated that the rate for Saratoga County water is \$2.05 per 1,000, which is about \$1.00 more than the Town of Queensbury rate. However, this year we cut a check to Queensbury in the amount of about \$43,405.00 and we may have to cut another check for \$30,000.00 and in 2013 we may have to cut another check to them when they change out their filters.

Jesse Fish stated that when you factor in all the money we have to pay Queensbury for system repairs it isn't much more for us to buy water from Saratoga County.

Councilman Prendergast asked where the Village is at with their upgrades.

Supervisor Jenkins replied that NYS DOH held them up and USDA has held them up on part of their financing. They got \$600,000.00 from the state. If we don't get on line with Saratoga County and the Village comes onto our system the third or fourth week of July we may be tight with water for a five or six week period. The Village is pretty similar usage wise to us. However, we have been adding users. He mentioned English Village apartments being hooked up to our water system and they use a lot of water and Schermerhorn will have additional two bedroom apartments that will be coming on line within the next three months.

Councilwoman LeClair asked Jesse Fish when he anticipates that the water tanks will have to be relined or if there are any big expenditures anticipated within the next five or ten years.

Jesse Fish replied that we have an opportunity to have Pittsburg Tanks come to Town and inspect our tanks for free. If we want the tanks cleaned it would cost \$600.00. There is no obligation. He said he would like them to look inside the Nolan Road tank. He said the last time it was inspected and cleaned was in 2009.

Supervisor Jenkins stated that is what an Asset Management Study does. He has the software program on his computer, but no data to enter and no time to do it. That is another problem with having six districts. In order to do a study we would need to determine who owns what. There are many things that are shared. Right now we have two water towers that are shared and we are going to have three. There are pipes that serve all customers. We have a water crossing that serves all customers. We have lines in water districts 2, 4 and 5 that everybody uses. We would have to do six studies and he would assume that doing six studies would cost three or four times more than one study. The other problem is that we have a pipe in Water District 4 that runs along Nolan Road and out. If that pipe has to be replaced, would all water users have to pay for it, because just about everybody uses it? An Asset Management Study would inventory all the pipes we own, track the ages of all the assets and life of assets and anticipate when major repairs should be done and what to expect to have to spend on repairs. It would help establish how much we should have in reserve funds.

Supervisor Jenkins stated that Tim Burley told him that some districts were merged up north and they kept the fund balances as reserves in their respective districts. Supervisor Jenkins said in his opinion that would create a problem. If Water District 2 had to have a \$2 million repair and the districts were merged and the fund balance of \$697,000.00 in Water District 2 was maintained as a reserve fund for Water

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District 2, then that reserve fund could only be used in Water District 2 to repair the system. The additional funds needed would have to be borrowed and everybody's rate would increase a little, because all water users would be in the merged district. Merging and leaving the fund balances separate doesn't solve the problem.

Supervisor Jenkins said his recommendation would be to schedule a public hearing and see what the public has to say about the merger. He said that if we merged the districts then we could charge \$2.75 per 1,000 to all water users and that would give all the users a decrease.

Supervisor Jenkins also recommended that radio read water meters be purchased. Radio read water meters have been installed throughout Water District 1. He asked Jesse Fish how many water meters would have to be changed out to radio read water meters and Jesse replied that there are 2,056 total water users. There are 270 radio read water meters installed. He said that leaves about 1,800 radio read water meters to be installed at a cost of about \$360,000.00. This cost assumes that the water department staff will install the meters.

Supervisor Jenkins stated that he remembered hearing about one community that obtained funding to install radio read water meters. He said he knows that we are losing water and that we don't always know where we are losing the water. He said that we know there are some people who are using the water and not paying for it. He used the example of a house on Route 197 that was empty and hooked up to the water system and we weren't aware of this and the basement filled up with water and it leaked out the basement windows to the tune of 3 million gallons. Jesse added that he found four in Water District 6 that were hooked up and the Town didn't know about it. Supervisor Jenkins said radio read water meters would help us find theft of water.

Jesse Fish explained how the radio read water meters work and how they can detect a potential leak at a residence. The meters can retain up to 200 days of history for each account. This would allow the water department to track when a meter was fixed.

Councilwoman LeClair asked Jesse Fish if all three water tanks are used day to day.

Jesse Fish explained how the tanks drain and fill at an equal rate.

Supervisor Jenkins listed the following advantages to merging the water districts:

1. Administratively, the amount of time spent on allocations, calculations and separating the volumes is time consuming and costly.
2. We can cut water rates for all users.
3. We would keep the NYS Comptroller happy. This is not a prime concern for Supervisor Jenkins, because he said the NYS Comptroller can only make recommendations to the Town. We don't have to follow his recommendation. Although, we said we were going to try and correct the problem.
4. The industrial park would pay the same rate as all the other users.

Supervisor Jenkins said he would also recommend that the Town Board hire an engineer to do an Asset Management Study.

He said that reserve funds could be established as they should.

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Supervisor Jenkins stated that the merger of special districts, especially utilities, can be done by Town Board resolution. The transfer of all assets and liabilities can also be transferred into the merged district. It is subject to permissive referendum. He isn't clear who could petition to force a referendum. He isn't clear whether all six districts would have to petition. The mandatory referendum would, if one is forced by petition, could only be voted on by users in the water districts. He also isn't clear if how many votes are required either yes or no to either vote in or vote down the merger.

Supervisor Jenkins stated that the Town Board will have to review all this information and decide what to do. He doesn't understand any negative to the merger. It would cut water rates for all users.

This concluded the workshop.

A motion was made by Councilwoman LeClair and seconded by Councilman Prendergast to adjourn the workshop at 8:00 p.m.

Roll call vote resulted as follows:

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

Workshop adjourned.

Respectfully submitted,

Jeanne Fleury
Town Clerk