

**WAYNE COUNTY WATER AND SEWER AUTHORITY
BOARD MEETING MINUTES**

Meeting of: March 28, 2017

Location: Wayne County Water & Sewer Authority Operations Center, Walworth, New York

Present: LaVerne Blik, Jean Johnson, David Scudder, Dan LaGasse, Mark Humbert, Kelley Allen, William Hammond

Absent: Rick Stevens, Robert Hutteman

Advisors Present: Michael Howard, General Counsel

Staff Present: Martin J. Aman, Executive Director
Jason Monroe, Director of Operations
Demaris Verzulli, Secretary of the Meeting
Sheryl LaDelfa, Accounting Manager (Financials portion only)

Visitors: None

Chairman LaVerne Blik called the meeting to order at 4:00 p.m.

I. Chairman's Report

Adoption of Minutes: Mr. Humbert moved, Mr. LaGasse seconded and all members present, with the exception of Mr. Hammond, who abstained, approved the following resolution:

RESOLVED, that the minutes of the February 28, 2017 meeting of the Wayne County Water and Sewer Authority be accepted with no changes.

Correspondence: Mr. Aman reported that the NYS Comptroller's office had informed him that the OSC would be auditing the Authority, focusing on IT systems and retirement. The initial meeting is scheduled for April 11, 2017.

II. Treasurer's Report

Ms. Johnson presented the warrant and bills.

After due discussion and deliberation, Mr. LaGasse moved, Mr. Humbert seconded and all members present unanimously approved the following resolution:

RESOLVED, that the following statements are hereby authorized and directed to the Treasurer for payment: Water Authority Operational – (includes all) vouchers 17-375 to 17-513 totaling \$441,633.23.

Ms. Johnson presented the Financial Statements for the month of February. After due discussion and deliberation, Mr. Humbert moved, Ms. Johnson seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Wayne County Water and Sewer Authority's Monthly Financial Statements for February 2017 be approved and accepted.

III. 2016 Year End Financial Reports

Ms. Johnson reported that the Audit Committee had reviewed the 2016 Financial Statements with Michael Debadts and Raymond Wager of Raymond F. Wager CPA and recommends that the Board accept the Statements. After due discussion and deliberation, Mr. Humbert moved, Mr. Hammond seconded and all members present unanimously approved the following resolution:

RESOLVED, to accept the recommendation of the Audit Committee and approve the 2016 Financial Statements, including the Executive Summary and the Internal Control Communication as prepared by Raymond F. Wager CPA, and following such approval and certification by the Chief Executive Officer/Chief Financial Officer of the Authority, such documents be filed with the Authority Budget Office and other designated recipients as required by the Public Authorities Accountability Act.

IV. Agenda Items

Port Bay Sewers Update

Mr. Aman reported that design work continues and it is still anticipated that the project will go out to bid in June, 2017.

Village of Red Creek Sewers

Mr. Aman reported that Mr. Monroe and Seth Galek attended the preconstruction meeting for the South Street Sewer Project, which will add a potential 22 new customers on grinder pumps.

Town of Sodus Discussion

Mr. Aman reported that the town's permissive referendum period has passed and he is working with Supervisor Steve LeRoy to set a date to sign the lease agreement with the Town of Sodus. Additional contracts must be signed, addressing the purchase, transmission and sale of water among the Authority and the Town of Williamson and the Villages of Sodus and Sodus Point. Minimum purchase requirements have been changed, and a transmission fee is being negotiated with the Village of Sodus Point to help account for lost water. Mr. Allen provided some insight on why some village and town customers are concerned about the Authority assuming operation of the Town of Sodus system. The Authority's operational responsibility is scheduled to begin on April 1 in the Town of Sodus, and Mr. Aman requested authorization for him to sign the various contracts. After due discussion and deliberation, Mr. Scudder moved, Mr. Humbert seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Executive Director be authorized to sign the 2017 Lease Agreement Between the Authority and the Town of Sodus; the 2017 Amended and Restated Agreement for the Purchase and Sale of Water By and Among the Town of Sodus, Village of Sodus Point, Village of Sodus, Town of Williamson and the Authority; the 2017 Amended and Restated Agreement for the Sale of Water From the Town of Williamson to the Authority; the 2017 Agreement for the Sale of Water From the Village of Sodus to the Authority; and the 2017 Agreement for the Sale of Water From the Authority to the Village of Sodus Point, when the various parties have approved these contracts, and pending approval by the Authority's Counsel Michael Howard.

Town/Village of Macedon Update

Mr. Aman reported that Supervisor Sandy Pagano has signed the amended water lease/operational agreement between the town and the Authority. The Wastewater Plant has been functioning satisfactorily.

Regional WWTP Feasibility Study Update

Mr. Aman reported that the Town of Macedon was close to signing off on the InterMunicipal Agreement to share the costs for the study with the Town of Marion and the Village of Palmyra; he was approved to sign the agreement at the February meeting. The study is anticipated to be completed by August, 2017.

Regional Water Storage Tank Update

Mr. Aman reported that the meeting to discuss project funding was held at the Williamson Town Hall and he and Mr. Blik attended. Mr. Aman reviewed the project for the new board members, Mr. Allen and Mr. Hammond. MRB Group has submitted a Proposal for Professional Services for Phase 2 – Preliminary Engineering Report, to include planning, coordination, data gathering and a preliminary engineering report finalizing some of the design parameters and cost estimates and other items, at a compensation amount of \$37,500. For the study phase, the Authority has been contributing 50% of the costs, with the other participants equally splitting the remainder. If the other participants accept this Phase 2 proposal and choose to continue to go forward, the Authority will pay for 50% of this proposal and be reimbursed by the other parties for the remaining 50%. After due discussion and deliberation, Mr. Scudder moved, Mr. Hammond seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Executive Director be authorized to accept the MRB Group Proposal for Engineering Services, Regional Water Storage Tank – Phase 2 – Preliminary Engineering Report in the amount of \$37,500, and to pay this amount to MRB Group, subject to commitment from the other participants to share 50% of the cost of the Proposal and repay the Authority at a future date.

Arcadia WD #12 Construction Project

Mr. Aman reported that it is hoped to have the preconstruction meeting by mid-April; the agreement with the Town of Arcadia to construct the project has been signed.

Mr. Humbert left the meeting.

Mr. Monroe reported that he received five bids for the directional drilling part of the project. There was discussion of the suitability of the low bidder based on a previous experience with the precursor of this company during the construction of the Regional Plant in Red Creek. Mr. Monroe reported that he had called some of the references provided and it appears the contractor has done good work on projects the size of this Arcadia one. After due discussion and deliberation, Mr. Hammond moved, Mr. Scudder seconded and all members present unanimously approved the following resolution:

WHEREAS, the Members of the Authority, in accordance with Article 8 of the Authority's Procurement Policy, make the following determinations: (i) the proposed awardee has been found to be responsible; (ii) the proposed awardee has complied with the Authority's Procurement Policy; (iii) the proposed awardee has disclosed all information required by the Authority's Procurement Policy; and (iv) the procurement process did not involve conduct that is prohibited by the Public Officers Law and the Authority's Procurement Policy.

THEREFORE, BE IT RESOLVED, that the bid for Directional Drilling for the Arcadia Water District #12 Project be awarded to V & B Underground, PO Box 325, Webster, New York for the unit price of \$91 per linear foot to bore and pull back approximately 605 linear feet of 12-inch HDPE pipe and \$41 per linear foot to bore and pull back approximately 545 linear feet of 8-inch HDPE pipe.

Mr. Humbert re-entered the meeting.

Update on Building Expansion

Mr. Aman reported that the notice to bidders for the project has been published and prospective bidders will be able to obtain bid documents on April 3. The bids will be opened on April 27. After the architects have reviewed the bids, Mr. Aman expects to call a special board meeting in early May to award the bid. Mr. Monroe has prepared an Environmental Assessment Form for the project and the board should accept it and have it filed. Mr. Howard remarked that because of a "balancing of public interest test" impacting zoning law, technically the Authority is not subject to zoning and construction review but as a courtesy the Authority will work with the Town of Walworth on the project. After due discussion and deliberation, Mr. Hammond moved, Mr. Scudder seconded and all members present unanimously approved the following resolution:

WHEREAS, the Wayne County Water and Sewer Authority (hereafter "Authority") has determined that it is in the best interest of the Authority to expand the existing Operations Center building at 23377 Daansen Road, Walworth; and

WHEREAS, the expansion project is subject to environmental review under the State Environmental Quality Review Act ("SEQRA");

NOW, THEREFORE, upon consideration by the Authority of all relevant information including, but not limited to, review of the attached Environmental Assessment Form ("EAF"), be it

RESOLVED, that in consideration of and consistent with Part 2 and Part 3 of the EAF, which are hereby approved, the Authority finds and determines that the expansion of the Operations Center will not have a significant adverse impact on the environment and, accordingly, hereby grants a Negative Declaration pursuant to SEQRA; and be it further

RESOLVED, that the Authority's adoption of the Negative Declaration has been prepared in accordance with Article 8 of the Environmental Conservation Law of the State of New York and implemented under 6 N.Y.C.R.R. Part 617; and be it further

RESOLVED, that notice of this Resolution and the Notice of Negative Declaration shall be filed to the extent required by the applicable regulations under SEQRA and/or any other relevant statute or regulation; and be it further

RESOLVED, that the Executive Director is hereby authorized to take such further actions and execute any and all further documents required to effectuate these Resolutions.

Capital Plan/Policy Discussion

Mr. Aman noted that each board member has been given a copy of the 2014 Capital Projects Plan, which estimated a 20-year reserve need of approximately \$16 million. Mr. Howard reviewed the proper use of reserves. There are two basic components of prudent management of reserves: a good definition of the needs and a procedure for evaluating needs and setting priorities. He recommended that the board annually review the capital plan to see that it continues to be a reasonable basis of Authority needs and consider authorizing the use of reserve funds for the two pending capital projects, the building expansion and the painting of the Bunker Hill water tank in

Macedon. Mr. Aman reported that there is a meeting scheduled for this Friday, March 31 to discuss the financing for these capital projects with Chuck Bastian, Charles Schachter, Mr. Howard, Mr. Blik and himself. He invited any board members who would like to attend. Mr. Howard presented a resolution regarding the annual review and ratification of the planned use of reserves in support of the 20-year Capital Projects Plan. After due discussion and deliberation, Mr. Howard called for a motion to approve and Mr. Blik requested a roll call vote. After due discussion and deliberation, Mr. Humbert moved, Mr. Hammond seconded the following Resolution:

WHEREAS, the Wayne County Water And Sewer Authority (hereafter "Authority") was created by the New York State Legislature pursuant to Chapter 685 of the Law of 1987, as supplemented and amended by Chapter 501 of the Laws of 1990, to provide for the long term water and sewer needs of the residents of Wayne County, and

WHEREAS, the Authority is authorized by Public Authorities Law §1199-kk to deposit and invest moneys of the Authority not required for immediate use and disbursement in statutorily-authorized obligations and, thereby, to establish reserve funds; and

WHEREAS, the Authority has established a policy of maintaining a reasonable amount of undesignated fund balance within its annual operating funds to protect against unforeseen expenditures or revenue shortfalls and to help ensure that adequate cash flow is available to meet the cost of operations; and

WHEREAS, the Authority recognizes the need to plan for and establish reasonable reserve requirements in support of future anticipated infrastructure, equipment and other requirements while minimizing debt service costs and obligations; and

WHEREAS, the Authority has adopted a long-term, 20-year Capital Projects Plan, the most recent version of which was updated in 2014 (the "2014 Capital Plan") and provides for water, sewer and building-related capital needs and improvements through 2034; and

WHEREAS, the Authority recognizes the need to annually monitor and review the reasonableness of reserves in light of current and anticipated growth plans as the Authority's water and sewer operations continue to expand in response to ongoing municipal consolidation within Wayne County, as well as evolving water and sewer needs; and

WHEREAS, the Authority anticipates utilizing a portion of the current reserves in connection with planned office building expansion and tank painting projects (the "2017 Planned Improvements"); and

WHEREAS, the Authority also recognizes the need to carefully balance the appropriate level of reserves with the impact on ratepayers; and

WHEREAS, the Authority's sound financial planning, including its strong debt service coverage and limited exposure to capital improvement needs, has been favorably commented upon by the rating agencies (as evidenced most recently by a credit upgrade in Moody's Credit Opinion, dated November 2, 2016);

NOW, THEREFORE, be it

RESOLVED, to ratify the 2014 Capital Plan and confirm that it continues to be appropriate and reasonable given the Authority's current and anticipated capital needs; and it is further

RESOLVED, to authorize and approve the current level of Restricted Assets- Capital Reserve in the aggregate amount of \$2,110,956, as reflected in the 2016 audited financial statements prepared for the Authority by Raymond F. Wager, CPA, PC, in light of the 2017 Planned Improvements and other longer term needs identified in the 2014 Capital Plan.

The adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

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|-------------|--------|-----|
| Mr. LaGasse | VOTING | Aye |
| Mr. Humbert | VOTING | Aye |
| Ms. Johnson | VOTING | Aye |
| Mr. Allen | VOTING | Aye |
| Mr. Hammond | VOTING | Aye |
| Mr. Scudder | VOTING | Aye |
| Mr. Bliet | VOTING | Aye |

The Resolution was thereupon declared duly adopted.

Employee Salary Adjustments

Mr. Aman described some changes in responsibility for two existing employees and recommended increases in their salaries accordingly. He also reminded the board that two new employees would be joining the Authority, one from Sodus and a new laborer. He asked that the board approve the resulting changes to Salary Schedule A. There was discussion of the Authority's pay rate, that a consultant had done a survey of comparable organizations' rates several years ago, and that perhaps that should be done again. After due discussion and deliberation, Mr. LaGasse moved, Mr. Humbert seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Board adopt the revised Schedule A, the Authority salary schedule for 2017, a copy of which shall be placed on file in the office of the Executive Director.

Monthly Report

Mr. Monroe presented his monthly report. In the western area, maintenance continued and the Macedon Village water tank was disconnected from the water system per agreement with the Department of Health. Annual asbestos training was attended by the affected personnel. The Arcadia 12 project was staged with materials stored on private property, and some preparation for the building expansion was done. There was discussion of a separate construction entrance. In the eastern area leak detection continued and repairs were done on a blower and valve at the Regional Plant. In the Village of Palmyra, valve replacements on Fayette Street continued and a mag meter was installed at the water plant in conjunction with the copper abatement corrosion control program. In Lyons, a new hydrant was installed near the senior apartments per an existing agreement between the owner and the town. A leaking service was replaced and relocated. Overall, there were four new water services installed and a repair to the water main on Orchard Street in Walworth where the directional drill struck it. Two hydrants and many curb boxes were repaired. All employees received required annual training in workplace violence, harassment and Global Harmonization/Right to Know.

Miscellaneous

Mr. Aman reported that he and other representatives of AWWA traveled to Washington for discussions with Senate and Congressional leaders about water concerns, including the possibility of cuts to USDA programs which would affect the area.

Mr. Aman reported that due to an AWWA commitment, he has a conflict with the April board meeting. The board agreed to change the meeting date to one that would be most suitable for the majority of the board.

WCWSA Meeting March 28, 2017

There being no further business to come before it, upon a motion by Mr. Humbert, seconded by Mr. LaGasse, the meeting was adjourned at 5:53 p.m.

Attachments to these minutes:

2016 Financial Statements, Executive Summary and Internal Control Communication

Respectfully submitted:

Demaris Verzulli, Secretary of the Meeting