

Date of Meeting: November 13, 2008

Kind of Meeting: Business

Place of Meeting: Village Hall

Members Present: Robert Murphy, Chairman  
Tracy Durkin  
Robert Liffland  
Beth Coursen  
Wayne Osborn  
Colette Zito

Consultants Present: Steve Mance of Environmental Consultants  
Seth Sheraden of Environmental Consultants

At 7:00 p.m. the regular business meeting of the Pawling Joint Sewer Commission was called to order by Chairman Robert Murphy with the Pledge of Allegiance.

MOVED by Tracy Durkin, SECONDED by Wayne Osborn to approve the minutes of October 9, 2008 as presented. All were in favor and motion carried.

MOVED by Tracy Durkin, SECONDED by Robert Liffland to approve the Treasurer's Report of October 1, 2008 through October 31, 2008 as presented. All were in favor and motion carried.

MOVED by Robert Liffland, SECONDED by Tracy Durkin to approve payment of the October, 2008 vouchers and the November, 2008 prepaid vouchers as presented. All were in favor and motion carried.

MOVED by Tracy Durkin, SECONDED by Wayne Osborn to approve the Correspondence Log of November 7, 2008 as presented. All were in favor and motion carried.

### **Consultants: Business/Reports**

#### **Attorney Report**

No attorney present. Chairman Robert Murphy said the attorney sent over a written report, (REF#242) and he briefly went over it. He said Dave wrote that he's been in contact with Stew Berelson about the Baxter Green pump station. Chairman Robert Murphy said they did get an offer from Stew but Dave said not to act on it yet. Chairman Robert Murphy said the offer from Stew is \$10,000 for the repair of the pump station.

Chairman Robert Murphy said Dave sent over a copy of the Brandt Tenancy agreement that Dave sent to the Brandt's. Chairman Robert Murphy said it's essentially identical to the one they did with the Bed & Breakfast. He said they just received it and he asked the members to review it. He said if they have any questions or comments they can call Dave directly but to be aware that the legal fees will be coming out of the Brandt's escrow money.

Chairman Robert Murphy said they are still involved in litigation with Elm St. Partners. He said they have some engineering questions but, since Elm St. does not have an escrow account set up with the Commission, Dave is going to set up a meeting in order to talk about some minor engineering details which seem to be getting misinterpreted by Elm St. from the Toll Brothers report. He said he told Dave he could probably help with some of that.

Beth asked if the Brandt house is about the same gallons as the Bed & Breakfast.

Chairman Robert Murphy said it probably is. Tracy said it's a house with an apartment.

Chairman Robert Murphy said he's sure the pump will be strong enough.

Chairman Robert Murphy said he may call a special meeting to move the Baxter Green project forward. He said he'll have Linda contact everyone if that is the case.

### **Engineering Report**

Chairman Robert Murphy said there is no engineering report other than some correspondence that they will take care of under new business.

### **Sewer Operator Report**

Seth reported all operations are good, flows are good and all testing is good. He went over his report.

Seth said he did a spread sheet with all of the different alarm company quotes, REF#248.

He said staying with Automatic Alarm Systems is the better option as far as cost is concerned. Beth thanked Seth for doing this work.

Seth said he sent over some information on the gear box. Chairman Robert Murphy said he has that under new business.

Chairman Robert Murphy thanked Seth and Steve for doing all the work on the different alarm company's.

### **New Business**

MOVED by Tracy Durkin, SECONDED by Robert Liffland to approve payment for pay request No. 2 from Delco Electrical for \$12,762.73 as per recommended by Stantec in REF#241. Beth asked Chairman Robert Murphy if Delco put up a bond. Chairman Robert Murphy said yes. All were in favor and motion carried.

MOVED by Beth Coursen, SECONDED by Tracy Durkin to approve transfer of \$12,762.73 from Capital Improvement MMA#15004203346926 to O&M MMA#15004219514608 for Delco Electrical pay request number 2 for VFD project. All were in favor and motion carried.

Chairman Robert Murphy said the Commission received some correspondence from Stantec in regards to Baxter Green pump station, REF#234. He said the memo details the four bids they got and that Environmental Consultants was the low bid at \$26,943.00. Chairman Robert Murphy said Stantec is suggesting the Commission go ahead and approve the low bidder contingent upon an agreement being reached with Stew Berelson. Colette said the problem is, if this goes on forever with Stew Berelson. Chairman Robert Murphy said the Commission can't do anything until they have an agreement with Stew because they can't take ownership until there is an agreement. He said it's really contingent upon the Commission having an agreement.

MOVED by Colette Zito, SECONDED by Beth Coursen to approve accepting the low bidder, Environmental Consultants to do the repairs at the Baxter Green pump station for \$26,943.00 as recommended by Stantec AND, contingent upon an agreement reached between the Pawling Joint Sewer Commission and Stew Berelson. All were in favor and motion carried.

Steve Mance said they will wait now for the agreement. Chairman Robert Murphy said he can get all of the paperwork in order to get started.

Chairman Robert Murphy said the next thing on the agenda is the Brandt's. He said if anyone has any questions to feel free to talk to him or Dave. He said he'll try to set that up for next month. Beth asked if the Brandt's have any time constraints. Chairman Robert Murphy said to some extent they are but they haven't been in lately. He said if worse comes to worse, because the Commission just got the agreement today and he wants everyone to have time to read it, they can have a special meeting.

MOVED by Beth Coursen, SECONDED by Tracy Durkin to accept the tenancy agreement as submitted, contingent on board member comments to Dave and final approval by David Wise and Chairman Robert Murphy. All were in favor and motion carried.

Chairman Robert Murphy asked Seth and Steve if they wanted to talk about the gear box. Seth said they had some discussion on it last month and he submitted a price quote since that time, REF#236. He said Kaman came in at \$3,809.39 and HA Schreck came in at \$5,335.00. He said he'd like to proceed with this and get this back in service. Tracy asked if they accept Kaman, would it be for the Spring Plate at \$3,809.39 and two spring plate switches at \$62.10 each for a total of \$4,253.19. SECONDED by Beth Coursen. Seth said Kaman put \$319.60 tax on the quote that they need to subtract, so the total is \$3,933.59. Tracy asked Seth if they can do the installation. Seth said yes. MOVED by Tracy Durkin to approve Kaman at the price of \$3,933.59, SECONDED by Beth Coursen to approve Tracy's amended motion. All were in favor and motion carried. Beth thanked Seth for all of his hard work on this.

MOVED by Tracy Durkin, SECONDED by Wayne Osborn to approve penalty adjustment for sewer customer #345 for \$59.09 due to the accountant coming down sick. All were in favor and motion carried.

Chairman Robert Murphy said the next one is a resident looking for some sort of an adjustment on her sewer bill, account #825. She wrote a letter, REF#230. There was some discussion about what exactly she is asking for. The home is in foreclosure and the house is vacant. Linda explained the outstanding balance went to the county to be attached to the town taxes so the Commission will get the money. Chairman Robert Murphy said the Commission really can't do anything once the balance goes to the county.

Beth said she recommends calling her and telling her to shut the water off and notify us when she does. Chairman Robert Murphy said that way she will only be billed the \$68.00 debt and no operation and maintenance. Tracy said that the homeowner should be told that if she does this that will give her relief from O&M.

Chairman Robert Murphy said the next thing on the agenda is to discuss property on Summit Ave., REF#239. He gave the members some background on it. He said the property owner sent two letters requesting relief of the \$68.00 quarterly debt charge, stating that she has no intention on putting a house on this property, that it can't be built on. Chairman Robert Murphy explained the three levels of debt bills the Commission has. This property has always paid a yearly debt bill, which is a small yearly bill. This yearly bill is for property that is in the district but the sewer is not available to them, so they can't hook up. The sewer was built out a couple of years ago, which brought the sewer out to this area. Because there is no house on the property, it kind of fell through the cracks and didn't get turned over to quarterly debt at that time. It was discovered last September and a quarterly debt bill was generated. The customer asked if the Commission can go back to the yearly because of the constraints of the property, especially the slope, she said it's never going to be built on. Chairman Robert Murphy said he spoke with Dave about it and he said the Commission does have the authority to be flexible and to have the engineer and possibly the village building inspector look at the lot. Chairman Robert Murphy said that he asked Jim Fitzsimmons to look at the property while he was in the village looking at the Brandt's and he asked the village building inspector to look at. He asked both to write up a memo on their findings. (REF#244 & REF#247) Chairman Robert Murphy said the long and the short of it is the gist of both memos is that it's a pretty large lot and it's build able although it really wouldn't be affordable. Chairman Robert Murphy said the question is, does the Commission want to grant the waiver or readjust the bill or even though it's not likely going to be built on, it still can be. He said he just wants the Commission to be aware that there are other lots like this one. Beth said an adjoining property can do a lot line adjustment in order to extend their property and possibly build on their property. Rob said it is a big lot and it could be built on but that the current owner probably won't. Tracy said that is what they're saying. She said she understands and agrees that if there is a house that has to hook up they should start paying that debt until they hook up, but, maybe they should consider another tier for vacant lots in the district where the sewer line goes across. She said somewhere between \$5.00 a year and \$68.00 a quarter.

Chairman Robert Murphy explained that the property increased in value with the sewer line going in front of it, that it is a benefit the homeowner has so he does see the justification for the debt charge. He said also both the engineer and the building inspector said although it's not favorable it is a lot someone can put a house on.

MOVED by Chairman Robert Murphy, SECONDED by Beth Coursen to deny the request from the property owner to adjust sewer billing as per her letter, REF#230. Five were in favor, Robert Liffland opposed saying he liked Tracy's idea about coming up with another fee for these properties. Motion carried.

Tracy said something in the future they can take a lose look at the rate structure and come up with something else.

### 2009 Budget Discussion

Chairman Robert Murphy asked the members if they all have a copy of the proposed 2009 budget. He said attached to the budget are a couple of worksheets. He said one is a sheet on the past 4 years of budget and how much on the line items was spent. He said it would give ideas about their spending and budget information. Chairman Robert Murphy said he also gave them a copy of the last two years of electric bills so they can see how that has been going.

Chairman Robert Murphy said the tentative budget they have now does include the vouchers that will be paid tomorrow.

He said he'd like to go down the budget line item by item and if anyone has any questions just feel free to ask and they can discuss it.

Chairman Robert Murphy went over the line items and the amount budgeted for the items and explaining what each line represents. He also gave the members a brief explanation on the reasons for either raising, lowering or not changing the amount for each line.

Robert Liffland asked if they could lower the engineering line.

They discussed some of the past engineering fees and the projects they did in the previous years and then what is expected in this coming year. Chairman Robert Murphy said he'd be willing to come down 3,000 but would hesitate going lower than that.

Chairman Robert Murphy asked if anyone has any questions about the budget. There were none. He said they'll put the notice in the paper for the public hearing to be at the next months meeting.

The members told Chairman Robert Murphy he did a good job on the budget.

### Commission Member Comments:

Beth said she just wanted to give a quick overview on the meeting she and Chairman Robert Murphy had with Castagna, their counsel, their engineers, Lou Stadler who is the town bond counsel, Scott Volkman the Sewer Commissions bond counsel, and David Wise to talk about municipal finance of the three different things for Castagna. She said the town bond counsel is looking into the legal requirements for expanding the town sewer district. She said Castagna clearly wants to move this project forward and they need to make decisions that are contingent on whether or not municipal financing can be offered to them. She said at the town they are very interested in helping them. She said she is also willing to undertake the financing through the town if that's legal, if it's appropriate.

Robert Liffland said he thinks they should go ahead and take a bond out for Castagna, the way the economy is today, he's worried Castagna will pull out. He said he has to pay sewer tax himself, but this would help their local economy. Chairman Robert Murphy said the Village would take out the bond and get reimbursed by the developer, so the current sewer customers would not pay for the bond. He said also there might be a way for other developers that want to come on to help pay back the bond but that is a legal question. There was some discussion on the amount of money needed and what they will need to borrow. Beth asked if Castagna is paying hook up fees of 2.1 million, will the Commission also ask them to pay their debt service. Is it appropriate to do that? Chairman Robert Murphy said the reason the developers have to pay the full amount is because the Commission would not need to expand. He said right now they are at full capacity but they don't need another line along Metro North, they don't need another RBC at the sewer plant. He said he would have difficulty telling the tax payers they need to pay higher sewer rents because they need to expand the plant for somebody outside the district. There was some discussion about why Castagna has to pay the cost of the line and the plant improvement for a total cost of 2.1 million and the hook up fees are 2.1 million. Chairman Robert Murphy said the hook up fees they pay will pay for the plant expansion that is what they are for. The transmission line is separate. Beth said this is what they want answered and she is confused on. She said if the hooks up fees are 2.1 million and what need to be accomplished in order to accommodate this development is 2.1 in improvements; does the Commission intend to charge them more than the hook up fee? Chairman Robert Murphy said these are just conceptual costs. Tracy said the Commission doesn't need any expansion; it is the developers that need it so they have to pay for it. She said for financing, they are getting the benefit of possibly getting a lower rate and also because it is a municipal entity, in this climate, it will be easier for them to get financing. This is how they can help them. She said she has to say again, it is their obligation. She said what can not happen is the residents of the sewer district can not assume any of that debt at this time, whether other people come on board and help mitigate the obligation Jucca has, at this point is hypothetical. The Sewer Commission can't subsidize that debt, which would be a gift. Rob said he understands what she says about getting them a lower interest rate but then will the Commission have to build it. Chairman Robert Murphy said the Commission would take care of the construction at the plant. It would go out to bid. Beth said what Jucca wants to know from the Sewer Commission is what would they be responsible for paying and what she's hearing is they're going to be responsible to pay the full cost of the financing plus 2.1 million dollars, and that doesn't sound fair. She said that's 5 million total. Chairman Robert Murphy said the hook up fees are included, they want to borrow everything. He said the conceptual costs for everything, construction and hook up fee is 3 million dollars. Beth asked if it turns out that the RBC cost 4.5 are they still going to charge them 2.1. Chairman Robert Murphy said that is what it says in the agreement. Beth said that might cause a problem that Jucca might not want to pursue it because it doesn't sound fair. She said the hook up fee is based on the RBC. Chairman Robert Murphy said no it's not, it's based on gallons. He explained how the Commissions hooks up fees are calculated and what they're based on.

Beth said in most times when a sewer plant is upgraded, the cost for the users is lowered. She asked if that's not the case here. Tracy explained they will realize some savings in the future by running more efficiently. Chairman Robert Murphy said they will save just in the general operations and maintenance.

Rob said they can look at it spread out amongst all the users, the bond, because the tax payers will benefit with 250 jobs created. He said how do you put a price tag on that? Rob said can't the residents see this as a long term investment, that they'll get something back from their taxes. He said as a government, how do they look at that and way that into the equation also? Rob said that's bothering him. Beth said she doesn't know either but Castagna is very interested and they are looking for more data, they want another meeting. Beth said she thinks they should continue this conversation to come to see what is fair for everyone. She said she doesn't know if all users should share in the cost, but she wonders if the debt can't be structured for them. Chairman Robert Murphy said he would certainly try to make any kind of agreement as enticing to the initial developer who really had to put up capital, and structure the bonds in such a way that some of the costs would be offset down the road, if that is possible.

Beth asked if the village can borrow an amount that large. She said the town is willing.

Beth said she was actually going to ask Sal Pennini to come to the next meeting.

Chairman Robert Murphy said, he doesn't know if it matters, that the loan would be guaranteed by sewer rents. Beth said she'll ask Sal to come to the next meeting and Chairman Robert Murphy said that's a good idea. He said he'll ask Ron Gainer to come also.

Tracy drew up a chart and explained how she sees it.

MOVED by Robert Liffland, SECONDED by Tracy Durkin to close the meeting and adjourn. Time: 8:50 p.m. All were in favor and motion carried.

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Colette Zito, Secretary