

DATE OF MEETING: July 12, 2018

PLACE OF MEETING: Pawling Village Hall, 9 Memorial Ave., Pawling, NY

KIND OF MEETING: Business

MEMBERS PRESENT: Chairman Daniel Peters
John Burweger
Earl Slocum
Lauri Taylor
James Schmitt

MEMBERS ABSENT: Robert Liffland

CONSULTANTS PRESENT: Mike Batz of Inframark
Joe Zarecki of Zarecki Associates
Dan Stone of Chazen Companies
Brian Morgan of Daniels, Porco & Lusardi

At 7:00 p.m. the Business Meeting of the Pawling Joint Sewer Commission was called to order by Chairman Daniel Peters with the Pledge of Allegiance.

MOVED by Chairman Peters to;

- Approve the June 14, 2018 Business Meeting Minutes as presented
- Approve June 2018 Treasurer's Report as presented
- Approve payment of June 2018 Vouchers/Bills as presented and July 2018 prepay vouchers

SECONDED by Commissioner Slocum. All were in favor and motion carried.

New Business

MOVED by Commissioner Burweger to approve Pay Request No. 4 for \$717,027.70 to OCS Industries, Inc. Ref.#5218. **SECONDED** by Commissioner Taylor. All were in favor and motion carried.

MOVED by Commissioner Slocum to approve Pay Request No. 2 for \$32,300.00 to J&J Sass Electric, Inc. Ref.#5318. **SECONDED** by Commissioner Burweger. All were in favor and motion carried.

MOVED by Commissioner Slocum to approve Pay Request No. 1 for \$3,608.86 to S&O Construction Services for the Plumbing Project. Ref.#5418. **SECONDED** by Commissioner Burweger. All were in favor and motion carried.

MOVED by Commissioner Slocum to approve Pay Request No. 1 for \$4,665.25 to S&O Construction Services for the HVAC Project. Ref.#5518. **SECONDED** by Commissioner Burweger. All were in favor and motion carried.

MOVED by Commissioner Slocum to approve penalty waiver for \$23.10 to account #853, Ref.\$5118. **SECONDED** by Commissioner Taylor. All were in favor and motion carried.

Dan Stone of Chazen Companies here tonight to discuss fee structures and connection fees.

Dan handed out a packet to go along with the narrative he sent to the commissioners dated July 4th. He said the idea here is, working with Brian Morgan, Dave Daniels, he and Jeff Smith, they have been working on figuring out the current billing system and how to blend it into a new easier to use system. They have been experimenting with various formulas to mimic what the system is doing now and come up with a system that's fair and more easily used by staff.

Dan explained that currently the system is founded on the principal of distributing costs based on a pro-rata share of total flow and assessment. It uses those two fundamental variables for each lot to apportion capital charges.

Commissioner Taylor asked Dan what he means by assessment.

Dan explained that they take the property assessed value from the real property tax records.

Presentation Topics:

Principles of a rate case – the overriding principal is being fair. There is a fair amount of flexibility on how a rate base system is set up. But it has to be fair to all the users so everyone is treated in the same way.

It also has to be as simple as possible. The current program was written about 20 years ago that has gone through a lot of contortions over the years, special cases, notes down at the bottom, it's a one off system that was written just for Pawling and it's pretty hard to use.

Connection Fees – Dan explained that the commission should think about future contract users and how connection fees will be covered. It is Dan's recommendation to keep those connection fees at a minimum. Charge only the actual cost to the commission.

Commissioner Burweger asked Dan if he is suggesting that if the sewer is available and a property owner chooses not to tie in.

Dan said what he's saying is because the property owner is choosing not to tie in, or because the property is just a lot within the service area, they've been paying \$68 a quarter for the past 20 years. Because they were helping pay down capital, it probably would be appropriate for the Commission to pay for the expense of getting the pipe in the street to the property line. It would be up to the property owner to get the line from their property line to their house.

Commissioner Burweger asked if the municipality can force a property owner to tie in.

Dan said they are proposing that too.

He said they are going to recommend that even the parcels that don't have the sewer in the street, pay some nominal capital charge for the opportunity to connect in the future.

He said right now the base charge is \$68 a quarter, their saying if you expand the service area to the whole village and every parcel in the village should probably pay \$25 a quarter because the plant is here and when the village invests money to get the sewers in the street, those parcels can hook up. As soon as that pipe is in the ground the rate will go from \$25 to \$68 per quarter and the property owner will have one year to connect.

Operational and Maintenance Costs – Dan explained the easiest way to charge the customers is to do it proportional to the water that is used by each resident. He said this is how it is calculated now and he recommends it continue this way.

Capital Recovery Costs – Dan said the current system has two phases. Currently every user in the system is charged \$68. That generates approximately \$200,000 a year. He said after the treatment plant is completed and the bonds are in place, the commission will need about \$290,000 a year to pay back the debt. The current user base generates roughly \$200,000. We'll need to generate another \$100,000 to cover the debt expenses. He is proposing to follow the model that exists now, and the additional \$100,000 that is not covered by the base will be charged to phase two users and distributed based on both flow and assessment and a weighted average of the two, formula not determined yet, and be pro-rata distributed to the phase two group based on that combination.

Commissioner Taylor asked who would be phase two.
Dan said currently the phase two users are large users with large assessments.

Commissioner Peters said the other part of the equation is that the more users they get the lower the costs to users and that is what they want to drive for.

Commissioner Taylor asked why it is based on assessment, the value of the house, and not bedrooms.

Dan said the 25% is based on assessment and 75% is based on use and the larger assessments and water users will be phase two.

Commissioner Burweger said he's still a little troubled with why they use the assessment.

Dan explained that this is the way it is done currently. He said that a typical house, average user will be phase one.

Dan said that this is the decisions the commission needs to make, asking if they make sense, debate them and decide if they want to do something different. This is what this is all about.

How it could work -

Dan explained that annually Linda will have to go through and update the assessments for every property in the service area. She would also make a determination of who is phase two based on what the local law will be. She will do this only once a year. That phase two customer will remain phase two for the entire year. If they cut down on water use they still remain a phase two until the following year.

Dan's proposal is that the phase one users, for capital will pay the \$68 per quarter that they are now paying. For those in new lots, if its decided to expand the sewer district to the entire village, new lots in the village that don't currently have the system available to them but will have in the future will get charged \$25 a quarter until such time that the pipe is there.

O&M will be billed just as it is now with a pro-rata based on flow.

The residual portion of the capital charge not covered by the phase one users will be distributed proportionately to the phase two users.

Dan said what he would like now is some feedback on this discussion and some direction as to how the commission would like this user charge system to be crafted and what variables to use based on his recommendations so that the legal team can go back and figure out what needs to be done under the village law to effect this. He said it's likely going to involve a map, plan & report, public hearing, it may involve referendum on the change. He said all of that will be determined by the legal team.

He said on the technical side, they would do models of whatever variables they are given so that they see the impact on each user. He has a spread sheet with all 700 users on the sheet. On the right with the higher water users and assessments the results are 88 phase two users. On the left, using twice the average of a typical user and assessments, that resulted in 70 phase two users.

Dan said the data is a little skewed. They took the data right off Linda's system and not all properties have equal use. There is more than one meter to some properties but only one sewer account. So the water gets rolled over to the one sewer account and gets zeroed out in the water line.

He said the way the program works now it skew's the data a little. That needs to be simplified and made uniform with respect to how the bills are categorized.

Dan asked the commission for some direction on the choices that they want to do so they can craft a system that everyone is happy with.

Commissioner Burweger said other communities probably have a similar situation, where not all of the municipality is in the district, how are they handling it? He said it seems like they are going from one very complicated one to another complicated one.

Chairman Peters said it seems very simple and understandable. He said the easier we make it with the connection fees and billing system the better it will be for people to come on. He thinks it's a fabulous system and anyone can certainly sit down with Dan Stone to go over it.

He said it's much simpler than what they are doing now and the sooner they make it a reality, the better.

Dan said that under village law, most villages assume the authority to provide sewer service over the entire village. Back in the 1980's, for whatever reason, the village board at the time decided that they didn't want to take that authority under village law and have the entire village part of and contributing to the sewer system, so they carved out, and the map is up on Linda's wall, a sewer district within the village.

Dan said that what the Chairman would like to see happen is the sewer service area and the village boundary to be the same. That is one of the things that the legal team are working on.

Brian Morgan said that it is very unusual for a village to have a district in it. He said it's just not common and unlike town law which has parts about how to create districts, dismantle and manage them, the village law has nothing like that.

Commissioner Slocum said that he thinks that the intention back in the 1980's was that it was just for the people that were going to get the use out of it.

Commissioner Burweger asked if they are taking into consideration future customers and expansion.

Dan said with the structure he outlined, whether village or town, will be operating under the same rate structure.

Commissioner Taylor asked if anybody has spoken to and asked the people that are not in the district if they want to be in the district, do they want the sewer system available. Before they were talking about a charge of \$25 for the benefit of future sewer but not everybody is going to think that's a benefit.

Commissioner Schmitt asked what the cost is of running sewer lines through the entire village. This is what these customers will ask.

Commissioner Burweger said he's just having trouble understanding why people who are in the district but not benefitting from the system, why they have to pay into it at all.

Commissioner Taylor said that is where she is struggling with it also.

Chairman Peters said that it is state law.

Dan said the amount can be changed. The \$25 was just his suggestion.

Commissioner Taylor said they will bring the line in the street to the property line but that the homeowner will be responsible for connecting to that line from their house. She asked what kind of cost are they looking at.

Commissioner Schmitt said that is normal.

Dan estimates \$75 a foot.

Chairman Peters said that they are looking at using directional boring and it's a small line so the homeowner will be responsible to having someone directional bore from the street to their house which is much less than excavation and all that.

Dan Stone recommends not taking the septic tanks out of service that are in good condition but to use them for the solids, then the commission would have the obligation of maintaining the tank.

That way the smaller line can be done by directional boring.

Commissioner Schmitt said there are a lot of variables with the directional borings. He said they'd be looking at all the pumps needed, electric and future maintenance. He said future maintenance is a lot higher on that than the regular gravity fed line.

Chairman Peters said that in his opinion they are very close and he would like to see it move along and if Dan, Jeff Smith and counsel can put this all together, he would have the authority to set the public hearing.

Dan said they have to have a proposal before they do that. That way the commission can say here it is, read it and tell us what you think about it because the hearing is Sept. ??

Dan said the steps to take now are, as he sees it, he needs some guidance from the commission; do they like or dislike what they heard tonight, tell him the framework that they should be working in to put together this billing process, because what the village has now is not working, what they have evolved in nuances to be unfair to some people.

He said the fundamental system of the two components, assessment and flow, that they've been doing for the past 30 years, he feels that its reasonable but the commission has to tell him whether it's reasonable or not.

Chairman Peters said that he thinks it's very reasonable, they sat down with it the other day and went through it and he likes it.

Dan said they have to decide also if they want the entire village to be the service area under municipal law.

There was some discussion about reaching out to town residents down on Route 22.

Chairman Peters asked the members to please look the document over and ask questions.

Chairman Peters asked if anybody has any comments.

Rick O'Rourke from the audience asked how much of the village is in the New York City watershed. Joe Zarecki along with Dan Stone answered that there is a small portion of it.

Mr. O'Rourke said the reason he's asking is because there are some funding opportunities available.

Sewer Operator Report – Mike Batz said that the pump station upgrades are moving rather well. They should all be wrapped up by the fall.

Mike said that the generator at the plant should be up in September.

Mike mentioned that the sludge expense has dropped significantly. They are roughly down about \$3,000 a month.

Mike said that Inframark has invested in a database program called Hach Wimms . It is a program that will take all of the data from the plant and will put it into a cloud. It's more or less for reporting but if we ever wanted to go on and see anything about the plant, we can. He said it will really help the engineers look at the performance of the plant.

Attorney Report – No report

Engineering Report – Joe Zarecki mentioned that the commission doesn't yet maintain the line going to Castagna and they have no obligation to maintain the lines but there is some concern because about 6 weeks ago there was a sinkhole at the on ramp to Route 55 heading west. It was the force main line. He requested from Castagna's engineers to give him an update of what's going on because at some point the commission will take that line over and have to maintain it, and he saw it backfilled but hasn't received any report from anyone explaining what the cause of the sink hole was. He said because of the rock there, if the commission accepts dedication of that line and it becomes their responsibility, the commission will have a very expensive cost for repair if it requires fixing.

Chairman Peters said he is under the impression that there was no break in the line.

Joe said he hasn't received any report to that fact, he did request it. He wasn't advised of when it would be fixed or anything.

Mr. O'Rourke asked who is the engineer dealing with it.

Joe said he requested it from Jerry Schwalbe.

Commissioner Schmitt said this is the first he's hearing about it. He didn't even know that happened.

Dan Stone asked the Chairman how he will receive advice from the commission on his matter. Chairman Peters said he is 100% on board.

He said if anyone has any questions or needs to discuss things to please talk to Dan Stone about it.

Dan said if everyone can go over the report again and give him questions or opinions. That's how they can keep moving forward. The sooner the better.

Dan told the members that they might want to talk to Linda about what she does now and how she does it. He said it's taken him some time to understand how things work.

Commission Member Comments – Commissioner Burweger said he'd like to get together with Mike Batz about the generator and parts because they might be able to do something with it.

MOVED by Commissioner Slocum to close the meeting and adjourn. **SECONDED** by Commissioner Schmitt. Time: 8:15 p.m. All were in favor and motion carried.

Earl Slocum, Secretary