

# Penn Yan Municipal Board Meeting Minutes

April 12, 2018

**I. Attendees:** Chairman Rom French, Commissioners Dan Banach, Ray Hamilton, David Payne and Lee Sackett, Clerk-Treasurer Gary Meeks, Deputy Clerk-Treasurer Holly Pealer, Director of Public Works Brent Bodine, Mayor Leigh MacKerchar, Village Engineer Robert Elliott

**Absent:** Assistant Director of Public Works Bill Jensen and Trustee Kevin McCloud

**II. Call to Order** at 8:30 a.m.

**III. Review/Approval of the last month's meeting minutes:**

**MOTION to approve the Minutes: first Dan Banach, seconded by David Payne; carried.**

**IV. Municipal Employee:** Ben Sward and Yvonne Tucker

1. Operations Report & Graph

- Yvonne – any comments or questions on the reports? Lee – this is a great summary and I appreciate it very much; Yvonne – this is a snapshot; not everything that is going on; Dan – pictures are great; Rom – very important that this report is supplied every month even when you are not here
- Lee – is there any way to reduce the volume of biosolids on the RBCs? Physically? Mechanically?; Yvonne – we have been challenged with that; we have been trying various methods; because they are bacteria and they eat, we have been trying to reduce their food, sort of like putting them on a diet; utilizing the polyaluminum chloride that we use for phosphorous removal; using the activity of that chemical which combines with floating solids and help settle them out in the primaries before they get to the RBCs; try to drop out some of the nutrients and food before they reach the RBCs to prevent the additional growth
- It is a biological process so it takes a long time for the population dynamics to change; could be weeks (2-3, 4 weeks or more)
- Exploring the thought that during our press operations, when dewatering the sludge, we are adding a polymer to help bring the solids together; some of the polymer comes back to the head of the plant; we have a suspicion that is impacting the RBC growth as well; potential that this is a source of food; trying different polymers; have had polymer salesmen in on several occasions over the past several months; waiting for two more samples to come
- Lee – cost of chemical polymer is horrendously expensive; Ben – consume approximately \$3800/month
- Brent – is there a way to neutralize the water from the dewatering process before putting it back to the head of the plant to eliminate the concern? Yvonne – we have asked manufacturer, other operators and we have not found an answer to that; no one has a good solution for that
- Bob – Consent Order requires that by May 15<sup>th</sup> a plan for settleable solids be submitted; this is the same problem; other thing is that back in 2007 (?) we put aerators that put air in the first RBCs that is supposed to help sluff off some of the weight; Ben – thinking about putting in a second set of aerators
- Bob – RBCs have been loaded much more due to the dairy type of waste we

are receiving; the types of growth being seen varies so much it's hard to keep up with; hopefully will get better soon

- Dan – thinks that this would be something that had been worked out previously with all the other plants out there; amazing that this is so different from what others have seen in the past that we cannot figure it out; Yvonne – good observation; our polymer salesman said on several occasions that this is just so different from other situations he has run into; just a challenge for sure
- Solids inventory feel that we have this pretty much under control; going to change once the summer season kicks in and our loadings go up again; been doing extra pressing and receiving lower loadings over the wintertime
- Brent – extra pressings? Yvonne – our goal is to use automation; need to make sure we have safety procedures in place; now accomplishing extra pressing by running every day of the week; ran longer hours with overtime; running during our normal weekend operations
- Investigating press filtrate and, not only its effect on the RBCs, but also has a significant impact on our primary clarifiers; seeing an excessive amount of floatables; have a lot of work we're doing on a weekly basis with using the vac truck; once at the service starts to take on odors; need to clean those off the clarifiers as soon as possible; physically removing and send to landfill; material in there that is not digestible; trying to build some in house machinery to take care of this material
- we have 16 RBCs; 10 were recently replaced; first 6 were installed in 2000; the new ones are different in design and function; have had a significant amount of breakage on these 6 units; may be related to the loading and the weight; exploring ways of repairing, may have to replace which is extremely costly; trying to come up with any alternative we can
- Yvonne – also increasing our inspections; visual and physical inspections of these units; not easily accomplished; 2 man job; a lot of safety precautions; shutting down 2 RBCs; very time consuming; attempting to do this weekly, if not, every two weeks
- The skeleton (support structure) of these units is bearing all the weight burden; feel this is where it is being impacted
- Ben – trying to figure out what is failing and why; then contact the manufacturer to see what the options are; when we have determined what needs to be done, would have to be a contracted job
- Lee – sounds like you are incredibly innovative and meeting a lot of challenges; appreciate the fact that you are working that diligently; Yvonne – entire team effort; have a great employee force there
- Brent – met with Ben, Bob, Yvonne to come up with a proposed 5 year capital plan as part of this year's budget process; this was not mentioned; there is a budget impact for this; the request is to add to the 2019-2020 capital plan an anticipated cost to replace these 6 RBCs at a cost of 1.5 million dollars and to put in the 2018-2019 capital plan a cost of 10%-20% for engineering design, study and solution evaluation; sounds like we are still evaluating the problem; question is, do we need to take the step of adding this money into the capital plan yet? Need to weigh our priorities; recognize that there is a problem, don't feel like we have done enough work to identify the problem and identify a solution
- Ben – think this is a critical, possibly could be catastrophic, problem; do not have a problem with not formally designating funds for this engineering study

# Penn Yan Municipal Board Meeting Minutes

April 12, 2018

in this year's budget; we are going to work on it full speed ahead; Brent – agreed, any RBC that is out of service is detrimental to the efficiency plant

- Ben – the goal is to find a way to repair; may be other alternatives to replacement; high priority; that \$1.5 million is a worst case scenario; just wanted you to be aware; we are working on it
- Holly – what is the life cycle of an RBC? Ben – formally 20 years
- Dan – disinfection process is coming up in the next couple years also; huge impact; Bob – hopefully there will be state funding to help with the disinfection process; Dan – have to anticipate the worst
- Rom – septage haulers; are they bringing in more potent affluent than they have in the past? Yvonne – have done a couple of “grab” samples; waiting for results; it's not that the organic loading has changed, it's the volume; the volume is increasing every year
- Dan – wineries and breweries – I have to believe that this waste is impacting the loading; coming in by septage haulers; believes we have to be more diligent with our approval of the septage that is taken
- Septage haulers bring in over \$100,000/yr in income; does it have more than \$100,000/yr impact on the plant
- Rate has not changed for septage hauling only once since implemented
- Ben - KanPak loading is up again; concerned for summer
- Sampler is in house; installation soon

## V. Public Requests and Comments:

George Thompson and Grant Downs from the Town of Torrey

Grant – was at a meeting for Yates County Legislators; Dan Long put together a grant application for work on the Keuka Outlet Trail and the Finger Lakes Trail; Brent's name was mentioned as a resource, a contact and/or participant; Brent – my name was probably used as a point of contact for the Village of Penn Yan

## VI. Executive Session: Not needed

## VII. Audit dated 4/17/2018

Summary:

### Paid Before Audit:

General:	\$ 27,910.86
Electric:	\$269,315.29
Sewer:	\$ 8,444.23
Water:	\$ 6,441.18
CRC:	<u>\$ 0.00</u>
Total Paid Before Audit:	\$312,111.56

### Current Audit:

General:	\$ 37,082.38
Community Development–CRC:	\$ 0.00
Electric:	\$ 13,638.62
Sewer:	\$ 56,995.86

Water:	\$ 67,544.37
Capital Projects:	\$ 400.00
Trust & Agency	\$ 0.00
Total Current Audit:	\$175,661.23

**TOTAL AUDIT: \$487,772.79**

**MOTION to approve the Audit as presented: first Dan Banach, seconded by Ray Hamilton; carried.**

**VIII. Treasurer’s Report – Gary Meeks**

1. 2018/2019 YTD Revenue and Expense Analysis; 10 months in, should be at about 83% for our revenue and expenses
  - Electric – very cash constrained
    - Revenue 74%
    - Expenses 65% - number of adjustments – does not include Power bills (estimate to be around \$260,000); also rents, pilots and gross receipts tax

Residential up 3%; Commercial up 10%; Industrial flat from last year

Revenue greater than expenses about \$335,000 without March power bills and these end of year charges; with this added in put us in a loss position of \$116,000; adding back non-cash items (depreciation, write off of Gamewell system) gets us to a positive cash flow from operations of \$134,000; not a lot different from last year; several variables that could change that estimate by the end of the year; very tight cash situation

- Sewer
  - Revenue 88% due mainly to KanPak surcharges and septage haulers (over budget by about \$120,000 – don’t budget for KanPak surcharges)
  - Expenses 57%

Revenue is greater than expenses by \$702,000 but if we add in 10 months of rent and depreciation still have \$270,000 surplus in the sewer fund; not a bad position to be in for the sewer fund; we know that there are issues at the WWTP that need to be addressed and will be in the budget but as far as this year, in pretty good shape

- Water
  - Revenue 77% due to reconciliation of wholesale customers- credits of \$36,000 given out; also meter sales are down a little bit too (about \$24,000 down)
  - Expenses 54%

Revenue greater than expenses by \$308,000; adjust for rent and depreciation added in and excluding \$35,000 revenue for CDBG for our Sheppard, Johnson and Myrtle project and add in \$21,000 that would be billed to Wholesale customers, looking at a slight loss of \$67,000; think we will be close to breakeven at the end of the year, which is the goal of the budget

2. Review of tentative 2018-19 budgets

# Penn Yan Municipal Board Meeting Minutes

April 12, 2018

Holly, Gary, Brent, Leigh, Dan and Ray had a chance to go through this in quite a bit of detail earlier this week. Going to hit the highlights:

## **Municipal Utilities 2018-19 Budget Highlights**

### **General (all budgets)**

- CSEA union employees receive pay increase of 2.5% per collective bargaining agreement
- Non-union employees also receive 2.5% pay increase
- No pay increase for Village Board or Municipal Utilities Board
- Utility Service Worker position moved from pay group V to VI, per agreement with CSEA
- Increase in healthcare and dental rates effective 1/1/19 are assumed to be 9.1% and 7% respectively, consistent with last year's increase
- Increase in general property and liability insurance assumed to be a 6% increase from last year's actual premiums paid, with a higher allocation going to WWTP due to its increased value from recent upgrades

### **Water and Water Treatment Plant**

- Budgeted operational costs for the Water fund are an increase of \$48K or 2.9%, with higher depreciation costs due to water main additions to the capital base (\$14K), higher costs for personal services (rate increases per collective bargaining agreement) (\$23K), and higher cost for health insurance (\$17K) being the primary drivers of the increase.
- Overall debt costs (principal and interest) are higher than last year by \$65K due to the payoff of the BAN for the Lake St. water main project. This BAN is in its fifth year, and the debt is being retired, as opposed to converting the remaining debt to long-term borrowing.
- Capital investments for the water fund are \$508,700 (for watermain replacements on Lincoln St. and Franklin St.) and \$155,500 for WTP planned expenditures on the West Lake Rd. reservoir aeration project and turbidity meter replacements. The capital investment for the Franklin St. watermain replacement (\$408,700) will be funded out of current savings. Again this year, the capital expenditures for the WTP are covered by adequate wholesale water customer reserves.
- Investments in fixed assets are \$34K and \$36K respectively for water transmission and the WTP. Water transmission investment is for the purchase of a new pickup and the annual trade-in of a bobcat. The WTP investment is for a pickup and a zero-turn mower.
- Personnel changes at the WTP are driven by the upcoming retirement of the Chief Tina Galliher. Upon her retirement, Dave Cohick will be promoted to Chief. Additionally, an Operator Trainee is currently being recruited for the WTP. Budget for this hire and training has been made so that the WTP is brought back to its appropriate staffing level.
- The water treatment plant budget is an increase of \$67K or 11%. The increase is driven by personal services costs (\$16K, due to pay increases per the collective bargaining agreement and the need to use the water/sewer supervisor for increased weekend coverage), equipment purchases (\$36K), costs to support operator trainee certification (\$6K) and higher health insurance costs (\$6K). The budget increase of \$67K results in an increase in wholesale water customer rates of \$.17 per thousand gallons.
- Fixed user rate per equivalent dwelling unit is higher than last year (\$8.92 vs. \$7.19) due to a higher amount of debt.
- Variable user rate is higher than last year (\$6.39 vs. \$5.39) driven by higher operational

costs as previously described.

- The overall rate change impact to water customers is a slight increase in water costs year over year (approximately \$77 per year for a single EDU residence).

#### Sewer and Wastewater Treatment Plant

- The overall expenditure budget is higher than previous year by \$233K or 12.6%. This increase is driven by WWTP cost center 8130, which is \$201K higher than the previous year. Drivers of the increase for the 8130 cost center are personal services (\$71K due to necessary hiring and succession planning), sludge hauling (\$18K), purchase of accessories for Gator (\$11K), and a number of line items which are necessary for timely compliance with the DEC consent order. Depreciation costs are an increase of \$46K from last year, reflecting more depreciation on a capital asset base that we have added to significantly over the last few years. Benefit costs are an increase of \$10K, with higher headcount causing higher retirement and FICA costs. Lastly, sanitary sewer cost center 8120 is lower than last year's budget by \$21K, driven by lower personal services (\$7K due to retirement and replacement with lower cost employee) and I&I costs (\$14K as last year included local match expenditure for EFC planning grant).
- Overall debt costs (principal and interest) are flat with last year's budget, as slightly higher principal costs are offset by lower interest charges.
- Capital investment for Sewer is \$347,710, with planned expenditures for improvement of the old siphon under the Outlet (\$30,000), replacement of a 4" sewer line on North Main St. (\$195,500), and new sewer lines for the Horizon Park extension (\$122,210).
- Capital investment for the wastewater treatment plant is \$41,000 to replace M54 and M55, which have reached the end of their useful life. Investment in equipment at the WWTP (\$15,484) is for annual trade in of a bobcat and the purchase of a Gator for the operation.
- The overall wastewater treatment plant budget is an increase from last year of \$116K or 8%. The increase is driven by higher personnel and operational costs at the WWTP, equipment purchases, and higher benefit costs.
- Town of Jerusalem portion of WWTP budget reduced to 25% per agreement reached previously (last year of reduction and will now stay at 25%)
- Costs to be billed to Towns of Milo and Jerusalem are up \$11K and \$15K respectively from last year.
- Fixed user rate per equivalent dwelling unit is slightly higher than last year (\$9.81 vs. \$9.69) as flat debt costs are spread over a smaller number of estimated EDU's.
- Variable user rate is higher than prior year (\$7.98 vs. \$5.48), driven by higher operational costs

#### Electric

- The budget as built results in a net loss of \$278K. This loss can be adjusted, as depreciation cost is a non-cash item. However, even after adjusting for depreciation, the cash from operations is still negative \$33K.
- The loss in the current year is \$42K more than last year and is driven by audit costs (\$22,000 increased cost to have our auditors support us with a rate increase request), and labor costs (\$13,550 higher due to raises and additional hiring of an electric grounds person).
- Proposed capital projects total \$180K, with \$145K estimated for the B5-64 recloser project and \$35K estimated for the rebuild of Welker circuit #5 along Collins Ave.
- As the projected cash flow from operations is negative, it is obvious that total cash needs for capital purchases, principal payments on debt, and inventory exceed available cash projections and will require multiple actions:
  - Contracted tree trimming expense of \$82K every two years has been removed

# Penn Yan Municipal Board Meeting Minutes

April 12, 2018

- from this year's budget, after significant discussion.
- Work with Bill Freitag as early as possible in the new fiscal year to initiate a rate increase request. *Expect 4-6 months for rate increase; goal is to get rate increase before winter months. Holly mentioned that we have better records in place for information purposes.*
  - Discuss with our auditors the implications of having money “due to other funds” on our balance sheet at the end of 2017-18.
  - We are going to need to borrow, but a discussion needs to be had with our fiscal agent, Municipal Solutions, to see what we can borrow for (projects vs. sustaining operations). *Believe we will need to borrow from outside sources; the amount is going to depend on where we finish this year and what capital plans are after the budget is fine tuned*
  - Prior to any borrowing decision, fine tune the capital estimate for the recloser project. *Try to stay away from transferring money from one department to another (i.e. water to electric); only do after all other avenues are exhausted*

Appreciate all the work done by Gary and his team on this

**MOTION to the Administrative Committee and the Village Board to adopt the tentative Water, Water Treatment Plant, Sewer, Wastewater Treatment Plant, Electric budgets and new water and sewer rates as presented; first Dan Banach, seconded by David Payne; carried.**

## **IX. Department Business**

### **A. Electric – Brent**

1. FYI: NYPA Firm Hydro Energy: May 1<sup>st</sup>-31<sup>st</sup> – No reduction
2. NY Power Authority forecasting shortfalls
  - The river had ice buildup which reduced the water flow to the Niagara project so they weren't able to produce their design capacity; had to go out on the real time market and buy the replacement power; customers have to make up the cost difference
  - Village of Penn Yan has an impact of \$25,351.30; payback plan is for 10 months (March – December billing) of \$2,535.13/month
  - Per Holly the \$2,500/month isn't going to be much of an impact to the PPA cost
3. Permission for Charlie Bush to attend Aclara Meter School in Dover, NH; May 21-25, 2018; cost is \$900 for the school and \$105/night for hotel accommodations plus expenses
  - Need to have someone trained in the software for programming our meters
  - Mike will be “running the show” while Charlie is gone
  - A company vehicle will be offered for Charlie to drive

**MOTION to the Village Board to authorize sending Charlie Bush to Aclara Meter School in Dover, NH; May 21-25, 2018; cost is \$900 for the school and \$105/night for hotel accommodations plus expenses; first Dan Banach, seconded by David Payne; carried.**

4. Eric Spencer started April 9<sup>th</sup>, he is very happy to be here

**B. Water/Sewer**

1. FYI: Wholesale Water Customer Meeting is April 26<sup>th</sup> at 10:00 a.m. in the main board room (no lunch); Tentative Agenda attached; April 17<sup>th</sup> deadline for input on the Agenda
2. CDBG – Sheppard, Johnson & Myrtle Update
  - MRB Group Change Order
    - Additional Work –  
Amendment #2: Additional design services for revising the Railroad ROW and correcting the base mapping based on additional document review and field edit site visits
      - Gary – with the first Amendment, there was no change in the overall budget, just which bucket the funds were coming from; Brent, that is correct and this will be the same

**MOTION to the Village Board to authorize the change order for additional work to be completed by MRB group; this will increase the agreement amount by \$2,900.00, for a revised contract amount of \$89,300.00; first Ray Hamilton, seconded by David Payne; carried.**

3. FYI – Hick St. pump station issues
  - Experiencing some problems with one of the two pumps at Hick St. pump station; working on trying to figure out the problem
  - Bob – when pumped down, there were rocks in the pipes; need to figure out how the rocks got in there; per Ron – the rocks have been cleaned out
4. Kimball's Gully Directional Drilling update
  - Has been completed; has been pressure tested; ready for Ron and his crew to finish that watermain on Charles Herrmann Way

**C. Water Treatment Plant – Brent**

1. Water Treatment Plant Operator trainee update
  - Conducted interviews for 5 individuals
  - Team made a recommendation; that individual changed his mind; received a notice that another individual also changed his mind.

**MOTION to the Administration Committee to approve the hiring of George Sifo as a WTP Operator Trainee, Group IV at starting rate of \$20.40/hr. to begin work on May 7, 2018; first Lee Sackett, seconded by David Payne; carried.**



# Penn Yan Municipal Board Meeting Minutes

April 12, 2018

## D. Wastewater Treatment Plant

1. Town of Milo, Camp Cory Sanitary Sewer District Extension
  - Gone through the engineering process
  - BSP-5 form that spells out the details as it relates to sewer goes to the entity where the sewage is going to end up
  - Reviewed by Bob Elliott – little to no impact our system
  - Brent has signed the form and returned to the Camp’s engineering firm

Discussion – trailer park across from Red Jacket – Mayor states that the request for annexation was withdrawn; if anything happens on that property in the future, annexation will be a point of conversation

2. WWTP Roof Replacement update
  - IEEP, due to some efficiencies for reducing electric usage, will pay for 30% of project costs; that is what they see as the electric efficiency improvement to be
  - IEEP paid for the engineering to prepare the bid spec
  - Received 6 bids
  - WIP account would be charged \$51,002.00 for the sewer fund; this is under what was budgeted in the capital plan for this project

**MOTION to the Village Board to recommend and issue a Notice of Award to J&B Installations, Inc. for the complete removal, replacement and disposal of the roofs at the Wastewater Treatment Plant and Cherry St. Pump Station for the total bid amount of \$72,860.00 of which IEEP will pay for 30%; first Dan Banach, seconded by David Payne; carried.**

## **X. Other:**

1. Village Material Bid Results (Brent):
  - Electric Pole Line Hardware – 2 valid bids from Irby and Graybar
  - Hauling of Biosolids – 2 valid bids from Casella and We Care Waste and Recycling
  - Tree Trimming – 1 valid bid from Birchcrest Tree & Landscape
    - Not awarding tree trimming bid due to budget constraints

**MOTION to the Village Board to authorize issuing Notice of Awards as follows:**

- **Electric Pole Line Hardware:**  
Irby
- **Hauling of Biosolids:**

<b>Casella</b>	20 yd container	\$250.00
<b>Waste</b>	liner if necessary	\$33.00

30 yd container	\$250.00
liner if necessary	\$33.00

**First Lee Sackett, seconded by Ray Hamilton; carried.**

2. Equipment Rates
  - Use these rates for any billable work
3. Mayor – spoke with Ed Brockman – still waiting for final draft and map for the Dresden Agreement
4. Brent – Progress update - Tractor Supply is moving along; need temporary electric; we are unable to provide for some time; working to acquire the necessary easements (3 property owners) to build the overhead lines; Engineer from Tractor Supply would like to get temporary power from NYSEG – resounding NO; given Charlie direction to be prepared to build this line as soon as we get executed easements in place

**MOTION to the Village Board to accept the proposed Equipment Rates; first Lee Sackett, seconded by David Payne; carried.**

**XI. Payment Agreements:**

**MOTION to the Village Board to accept the payment agreements in the amount of \$6,967.09; first Dan Banach, seconded by David Payne; carried.**

**XII. Village Engineer’s Report – Bob Elliott**

1. Wastewater Treatment Plant Consent order update
  - In May – settleable solids impact report is due
  - Have submitted the proposed Spill Prevention Plan and Best Management Plan; waiting for approval of recommendations from DEC; need to have these plans in place within 9 months of Consent Order which will be August 15<sup>th</sup>
  - Also need to change the SIU Permit for KanPak within 9 months of Consent Order; giving higher surcharges; giving them more incentive to reduce the loading
- DEC is pushing for this and has eluded to what the criteria will need to be
- Need to meet with KanPak to let them know this is coming
  - Brent – did it also include looking at septage haulers? We only charge based on volume, should we incorporate something that would charge based on strength of BOD?
    - Bob – would be difficult to test every time something is dumped; the haulers come and go constantly
    - A form completed by the septage hauler of where the loading came from; residential, winery, breweries, etc.
    - Sampling done to check on the strength of the loading
  - Spoke to Brad Chaffee regarding our I&I reports; sent him a copy of what went to ESC for their comments

**XIII. Reminder the Village Board Meeting is April 17<sup>th</sup> at 6:00 p.m.**

- Also public hearing for tentative budgets; Gary asks that anyone who attends bring the packets that were supplied for today’s meeting in order to avoid multiple copies

Penn Yan Municipal Board Meeting Minutes

April 12, 2018

**XIV. Service Request Review and Discussion, if needed.**

**XV. Executive Session:**

**XVI. Next Meeting** – Thursday, May 10<sup>th</sup> at 8:30 a.m. MUB Meeting Room

- Ray Hamilton unable to attend

**XVII. MOTION to adjourn; first Ray Hamilton, seconded by Lee Sackett; carried.**

**Adjournment:** 10:58 a.m.