



MINUTES

Meeting of the Niagara Falls Water Board December 14, 2020 at 5:00 p.m.

Note: This meeting was held via conference call pursuant to Executive Order 202.1 as extended by 202.79.

1. Attendance and Preliminary Matters

- a. Brown P Forster P Larkin P Leffler P
Kimble A [Joined at 5:01 p.m.]

Chairman Brown called the meeting to order at 5:00 p.m.

b. Letters and Communications

Mr. Costello noted that there were no letters or communications to discuss at this time.

- c. Public Comment (Public comments may be submitted in writing to be read by the Secretary and must be received by 12:00 p.m. on December 14, 2020. Comments may be summarized when read. Email comments to scostello@NFWB.org or mail c/o Sean W. Costello, 5815 Buffalo Ave., Niagara Falls, NY 14304)

Mr. Costello noted that no public comments were received.

d. Approval of Minutes from November 23, 2020 Meeting

Motion by Mr. Forster and seconded by Ms. Kimble to approve the November 23, 2020 meeting minutes.

Brown Y Forster Y Larkin Y Leffler Y Kimble Y

Motion carried, 5-0

Chairman Brown notes that Mr. Forster requested Resolution 2020-12-005 – RESIGNATION OF EXECUTIVE DIRECTOR PATRICK FAMA be considered at the beginning of the business meeting. There was no objection.

Motion by Mr. Forster and seconded by Mr. Brown to approve

Brown __Y__ Forster __Y__ Larkin __Y__ Leffler __Y__ Kimble __Y__

Motion carried, 5-0.

Chairman Brown thanked Mr. Fama for his services as Executive Director.

Chairman Brown notes that Resolution 2020-12-005 appoints Mr. Costello as Acting Executive Director.

2. Executive Director

- a. **WWTP Project Budget Tracker (CPL)**
- b. **WWTP Construction Schedule Tracker (CPL)**
- c. **Financial Award Summary (CPL)**

Ted Donner from CPL notes there was nothing major to report currently; all projects are proceeding with no issues.

3. Superintendent

Mr. Wright had nothing new to add at this time.

Mr. Forster questions the status of the water main located between Whitney Ave. and 18th St.

Mr. Wright states he had a meeting with City Engineering and the project will go out to bid in January 2021.

4. Engineering

Mr. Williamson had nothing new to add at this time. Mr. Williamson noted that he has addressed updates/status reports in his monthly O&M report.

5. Personnel Items

Mr. Costello stated that there were no further personnel items to discuss at this time.

6. Information Technology (IT)

Mr. Costello stated that there was nothing major to report at this time. Mr. Costello noted that the New World project is moving forward.

Ms. Larkin questions the testing portion of the New World software update. Ms. Larkin would like to ensure that all departments are following the project plan to ensure once the conversion takes place that no data is lost.

Mr. Costello notes that there is a project manager involved in this process to ensure everything goes according to plan. Mr. Costello states that Mr. Fama and Joseph Morock have been handling this conversion in its entirety from the beginning, however, Mr. Costello plans to make direct contact regarding the conversion in the coming week.

Mr. Larkin questions when the “go-live” implementation will take place.

Mr. Costello states that is anticipated for 12/21/2020.

Ms. Walker states that testing the NFWB has been asked to participate in has been completed successfully thus far.

Mr. Walker states that she was notified on 12/14/2020 regarding a utility pole that was struck on 59th St. (unsure of the time frame of the incident) causing City Hall to be unable to access New World software. Spectrum was contacted; Ms. Walker is unsure of the status.

7. Finance

- a. Rate Consultant Presentation**
- b. 2021 Budget**
- c. Bank Balance Report**
- d. Budget Performance Report as of November 30, 2020**
- e. Budget Transfers**
- f. Capital Improvement Plan Tracking (Spreadsheet not part of packet)**
- g. Payroll-Based Overtime Log**
- h. 2021 Budget Preparation and Financial Report Calendar**

Ms. Walker introduces Matthew Montalbo (CPA) and Charles Trottier (Manager) from Dresher & Malecki.

Mr. Montalbo and Mr. Trottier present their recommendations for the NFWB financial projections and user rates.

Chairman Brown requests a brief background from Mr. Montalbo and Mr. Trottier on their individual roles along with why the rate consultants are utilized.

Mr. Montalbo states their role is to provide independent cash flow estimates sufficient to meet the debt-coverage ratio (1.15) with the assumptions used:

- *Historical trends and audited financial data from the prior years.*
- *The most current available information provided by Board Management and year-to-date actual reports per the financial software*
- *Other information (NYS retirement system, health insurance publications, etc.)*

Mr. Trottier reviews the NFWB financial statements. He noted that Dresher & Malecki reviews trends when projecting their 5-year plan – financial statement view – with their focus on operational costs.

- *Personnel and Benefits*
 - *75% health insurance and 25% retirement contribution and social security.*

Chairman Brown noted a 6.4% increase in personnel costs and employees benefits from 2017-2018.

Mr. Trottier states that based on year-to-date figures, 2020 personnel costs are estimated to be higher than 2019 actuals. Total personnel costs are estimated to increase 1.9% from 2021 to 2024 based on a 10-year average (normal raises and step increases). This increase is associated with negotiated contracts awarding 1.5% and 2.0% raises annually. Average overtime costs have stabilized over the past 3 years.

The projected 1.9% personnel cost increase in 2021 includes as a factor to the expected decrease in NYS average health insurance rates. For all future years, Dresher & Malecki expects a 4% increase based on historical averages.

Contractual expenses – consisting of chemicals/maintenance, insurance, parts and supplies, legal and other expenses. Projected 2020 - \$10,791,692.

- *Mr. Trottier notes that contractual expenses are difficult to predict.*
- *2021 projection of 6.5% increase accounts for estimated increase in sludge disposal and hypochlorite solutions.*
- *In the past 10 years, the average annual increase is 3%, which was used to calculate their future projections.*

During 2016, revenues dropped following the loss of large industrial users, such as Niagara Generation and Chemours, and rates remained essentially unchanged during 2017. During 2018 and 2019 rates increased 2.4% and 2.0%, respectively. During 2020, consumption data overall is trending higher than the prior year – rates unchanged and projected increase in 2020 revenues is estimated at 0.5%.

Mr. Brown notes approximately 70% unaccounted for water and states the NFWB collectively is working to determine whether there is one large area of concern. Mr. Brown questions the type of consumption they are referencing to obtain the revenue numbers.

- *Mr. Trottier notes that when assisting with the continuing disclosure report, they obtain the unaccounted-for water figures from the NFWB – approximately 67%*

unaccounted for water of the past several years. The figures that are being presented are coming from the billed consumption reports.

Mr. Brown questions if the NFWB was able to reduce the unaccounted for water, increasing the amount of water that is billed, would there be a way to translate that into the figures to show the impact for future years. Dresher & Malecki confirms they would be able to incorporate different scenarios.

Capital Improvement Plan

- Projects adopted by the Board to meet the City's water and wastewater demands.*
- \$33.9 million budgeted from 2020 through 2023*
- Based on the most recently obtained CIP, debt issuance of \$13,500,000 is expected in 2021 to cover portions of the project costs. Related debt service costs are assumed to begin in 2021 for interest only.*

The financial projections consider the following major factors:

- Overall consumption trends*
- Increasing costs (particularly contractual, personnel and employee benefits/health insurance)*
- Planned debt transactions in 2021 will increase annual principal and interest payments going forward.*

5.5% rate increase in 2021 should allow the NFWB to achieve the debt coverage ratio based on current and historical trends. Based on the results of Dresher & Malecki's financial projection model, the NFWB should achieve a 1.20 debt ratio with a 5.5% rate increase in 2021.

Chairman Brown notes that the board received the impact of the 5.5% increase on a minimum water bill, however, he would like to see the impact on an average residential bill.

Ms. Walker states she can provide that based on roughly 20,000 residential accounts.

Ms. Walker states from 2017-2021, on average there has been less than a 2% increase – 2017 and 2020 with a 0% rate increase; against the rate consultant's recommendations.

Chairman Brown questions why there was not any budget amendments to the 2020 budget if it was proposed to have a rate increase from our rate consultant.

Ms. Walker states that she can not speak on behalf of the board but notes that the City was proposing a garbage user fee and the board at that time did not want to add an additional burden on the rate payers with an additional increase.

8. Questions Regarding November 2020 Operations and Maintenance Report

Mr. Forster is seeking information regarding the operations and maintenance highlights section of the O&M report written by Robert Rowe (WTP Chief Operator) about the need for a booster pump system to aid and back-up the WTP's chlorine dosing into the raw water. Mr. Forster notes that the NFWB has been investing approximately \$42 million into the WWTP and suggests the board also identifies the need to also focus on our 30-year-old WTP, ensuring that the WTP is up to par. Mr. Costello will seek further information from Mr. Rowe regarding what is being done with the booster pump system and report back to the board with any additional information.

Mr. Forster asked about Bob Dunn's (WWTP Chief Operator) section of the O&M report under Project 6 (disinfection) and notes that the WWTP operating data was not updated for November. Mr. Costello states he will reach out to Bob Dunn for that information.

9. Safety

Nothing new to report.

10. General Counsel and Secretary

Nothing new to report.

11. From the Chairman

Mr. Brown asks Ms. Walker if the funds needed for the leak detection program will be budgeted. Ms. Walker states she needs further detail from Mr. Wright regarding the leak detection program and tentative costs.

Mr. Brown references his personal water bill, with a bill date of 12/1/2020, due date 12/29/2020, received on 12/14/2020.

Ms. Walker states the water bills were billed late upon completion of the annual transfer to taxes. Once confirmation was received from the assessor's office, the billing was able to be released.

Mr. Brown states he does not want to see the rate payers penalized for late payments when they are only given a 2-week time frame to pay their bill. Ms. Larkin states she also received her water bill today and notes her water bill is received late every month.

Ms. Leffler states a lot of places do not allow 30 days to pay a bill.

Ms. Larkin would like our system to be better and allow our rate payers longer than 2 weeks to pay their water bill.

Ms. Kimble states the water bills are billed quarterly so she does not see an issue.

Mr. Forster again suggests looking further into a 30-day billing system. Ms. Larkin agrees.

Ms. Walker states she investigated that, and the outcome was most of the rate payers preferred the quarterly billing because they felt it was more predictable.

Mr. Forster states that is the first time he has been provided that information.

12. Resolutions

2020-12-001 – 2021 WATER BOARD MEETING SCHEDULE

a. 2021 Board Meeting Dates

Motion by Mr. Forster and seconded by Mr. Brown to approve

Brown __Y__ Forster __Y__ Larkin __Y__ Leffler __Y__ Kimble __Y__

Motion carried, 5-0.

2020-12-002 – ANNUAL REVIEW OF PROCUREMENT POLICY AND ADOPTION OF REVISED POLICY

a. Clean Copy of Proposed Revised Policy

b. Track Changes Showing Proposed Revisions

Motion by Ms. Leffler and seconded by Ms. Larkin to approve

Brown __Y__ Forster __Y__ Larkin __Y__ Leffler __Y__ Kimble __Y__

Motion carried, 5-0.

2020-12-003 – CHANGE ORDER 1 AND FINAL FOR 24 INCH VALVE REPLACEMENT AT HYDE PARK BOULEVARD AND WESTON AVENUE

a. Memorandum Regarding Change Order

Motion by Mr. Forster and seconded by Ms. Kimble to approve

Brown __Y__ Forster __Y__ Larkin __Y__ Leffler __Y__ Kimble __Y__

Motion carried, 5-0.

2020-12-004 – ANNUAL AUDIT SERVICES

Chairman Brown suggests The Bonadio Group be selected.

Motion to approve The Bonadio Group by Mr. Forster and seconded by Ms. Larkin

Brown __Y__ Forster __Y__ Larkin __Y__ Leffler __Y__ Kimble __Y__

Motion carried, 5-0.

2020-12-005 – RESIGNATION OF EXECUTIVE DIRECTOR PATRICK FAMA

a. December 9, 2020 Correspondence from P. Fama to Board

(Resolution was reviewed and approved at the beginning of the meeting – see above)

13. Unfinished/Old Business

a. Beech Ave. Water Tank Information

Mr. Forster notes he asked Mr. Fama for information regarding the Beech Ave. water tank and has not received a response. Mr. Costello states he has received some information relative to the Beech Ave. water tank. In 2018, CPL produced an engineering report related to the cost and benefits of adding an additional 2-million-gallon tank to the system. After issuing that report, which was used in support of a grant application, additional information has been gathered in the last 3 years and more pressure testing has been completed. The total cost to update the report would be approximately \$10,000, and unless the Board objected Mr. Costello will authorize that work to proceed. No Board member offered objections.

b. Correspondence from City Regarding PILOT

Mr. Forster continues to seek information regarding the response to the City's letter about the PILOT and City Services. Mr. Costello will make it a priority to address this matter.

Mr. Forster asks if Ms. Walker has anything to report regarding this correspondence. Ms. Walker states that she briefly spoke to Mr. Costello and states she would like to wait to respond to the City.

14. New Business & Additional Items for Discussion

Nothing new to report.

15. Executive Session (if needed)

No executive session was held.

16. Adjournment of Meeting

Motion by Mr. Forster and seconded by Ms. Larkin to adjourn the meeting at 6:40 p.m.

Brown__Y__Forster__Y__Larkin__Y__Leffler__Y__Kimble__Y__

Motion carried, 5-0.