

TOWN BOARD
AUGUST 14, 2002

A regular meeting of the Town Board of the Town of Bethlehem was held on the above date at the Town Hall, 445 Delaware Avenue, Delmar, NY. The meeting was called to order by the Supervisor at 7:30 p.m.

PRESENT: Sheila Fuller, Supervisor
George Lenhardt, Councilman
Doris M. Davis, Councilman
Daniel G. Plummer, Councilman
Thomas Marcelle, Councilman
Catherine T. Picarazzi, Deputy Town Clerk
Robert J. Alessi, Esq., Town Attorney

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Supervisor Fuller welcomed everyone to a regular meeting of the Town Board and invited them to join in the pledge of allegiance.

The first item on the agenda was a recommendation from the Planning Board for approval of Amendments to Building Project Approval No.30, PCD No.5, Delmar Place Assisted Living (a.k.a. CMI Senior Housing Development). Supervisor Fuller noted there is also a need to make a determination on the SEQR. She said Mr. Klersy and Mr. Cahill are in attendance if there are any questions. She noted this has gone through a thorough review by the Planning Board and another public hearing was held.

The motion was made by Mrs. Davis and seconded by Mr. Lenhardt to classify the project as a Type 2 action pursuant to SEQR.

Town Attorney Alessi pointed out to the Board that this is one of the rare instances where the SEQR resolution bares directly on the same question as the ultimate question before the Board on the substantive approval which is whether or not there are material changes. He alerted the Board to that for what comes next because there should not be any inconsistency between the vote on the SEQR and the vote on the ultimate issue because imbedded in the question of SEQR is, is there a material change. He said the Planning Board has recommended that in their judgment there is no material change and that is what underlies the basis for the recommendation that it be a Type 2 determination. He said he wanted to highlight that for the Board's consideration for when they are voting on the resolution, as well as, later on the ultimate question.

The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr.. Marcelle.
Noes: Mr. Plummer.
Absent: None.

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The motion was made by Mrs. Davis and seconded by Mr. Lenhardt to approve the issuance of amendments to Building Project Approval No. 30, PCD No. 5, Delmar Place Assisted Living (a.k.a. CMI Senior Housing Development). The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Marcelle.
Noes: Mr. Plummer.
Absent: None.

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Supervisor Fuller thanked Mr. Klersy and Mr. Cahill for attending the meeting. Councilman Davis asked Mr. Klersy if he had a target date for completion. Mr. Klersy said it would depend upon the weather and other factors.

The next item was a request from Court Clerk, Barbara Hodom, for approval of appointment of Clerk II, effective August 19, 2002 at an annual salary of \$26,180. Supervisor Fuller noted the applicant is Karen Creed and she will be appointed provisionally pending a Civil Service exam. She noted she replaces Geraldine Blanchard who had retired.

The motion was made by Mr. Plummer and seconded by Mr. Lenhardt to approve the appointment of Karen Creed, East Berne, New York to the position of Clerk II in the Justice Department, effective August 19, 2002 at an annual salary of \$26,180 as requested by Barbara Hodom, Court Clerk. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.

Noes: None.

Absent: None.

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Supervisor Fuller thanked Court Clerk Hodom for being in attendance.

The following item was a request from Director, Karen Pellettier, Senior Citizens Services, for approval of appointment of Coordinator of Senior Citizens Services, effective August 26, 2002 at an annual salary of \$35,197. Supervisor Fuller said the applicant's name is Marguerite Osborne of Guilderland, New York. She said there is an appointment for an Outreach Worker, effective September 9, 2002 at an annual salary of \$40,781. The Supervisor said her name is Jane Sanders of Delmar, New York.

Supervisor Fuller asked Senior Citizen Services Director, Karen Pellettier, how many applicants there were for these positions. Mrs. Pellettier noted there were 88 applicants and interviewed 6 individuals. She said they are very pleased with the appointees. Supervisor Fuller said we are very fortunate to get these 2 women for these jobs. She said they come very well experienced. Councilman Lenhardt said their credentials are impressive.

The motion was made by Mrs. Davis and seconded by Mr. Lenhardt to approve the appointment of Marguerite Osborne, Guilderland, New York to the position of Coordinator of Senior Citizens Services, effective August 26, 2002 at an annual salary of \$35,197; and the appointment of Jane R. Sanders, Delmar, New York to the position of Outreach Worker for Senior Citizens Services effective September 9, 2002 at an annual salary of \$40,781 as requested by Director, Karen Pellettier, Senior Citizens Services. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.

Noes: None.

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Supervisor Fuller thanked Mrs. Pellettier and thanked her for all her patience and restructuring of her office and the interviewing. She said they are great candidates.

The next item was a request from Nan Lanahan, Administrator, Parks and Recreation Department, for approval to go to bid for replacement of fencing at Elm Avenue Town Park.

The following resolution was offered by Mr. Lenhardt and seconded by Mr. Plummer:

WHEREAS, the Town desires to advertise for bids for the purchase of

replacement fencing at Elm Avenue Town Park, pursuant to law,

NOW, THEREFORE, BE IT RESOLVED, that the Town Clerk advertise for such bids in THE SPOTLIGHT issue on the 21st day of August, 2002 and that bids be received up to 3:00 p.m. on the 3rd day of September, 2002 at which time the bids will be publicly opened and read.

The resolution was adopted by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.
Noes: None.

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Councilman Davis asked Mrs. Lanahan if this included the wind barriers. Mrs. Lanahan said the wind barriers are not up any longer. Mrs. Davis asked with the new fence if that barrier would be put back up. Mrs. Lanahan said they found through the years that it damages the fence and they will be left off. She said the wind gets so strong it starts pulling the fence over.

The following item was a request from Nan Lanahan, Administrator, Parks and Recreation Department, for approval of appointment of seasonal personnel.

The motion was made by Mr. Plummer and seconded by Mrs. Davis to approve the appointment of seasonal personnel as listed in the Memorandum dated August 14, 2002 at the titles and salaries listed as requested by Administrator, Nan, Lanahan, Parks and Recreation Department. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.
Noes: None.

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Councilman Marcelle said before the Director of Parks and Recreation Department leaves, he said he spoke with the Supervisor at the Town pool last week and were enjoying the swimming program for the children. He said it is a tremendous program and he just wanted to acknowledge it on the record. He said it is very beneficial to the kids of the Town to teach them how to swim and noted his kids were shy of the water and they really learned to swim. He congratulated Mrs. Lanahan. Mrs. Lanahan thanked Mr. Marcelle. Supervisor Fuller thanked Councilman Marcelle. She said she was there with mixed emotions, noting this was the tiny tot learn to swim, and she was there for her granddaughter. She said as she looked around, she saw people there who used to be there in the same spot when her 5 children were taken over for the program. She said it is a great program and the parents are very appreciative.

The following item was a request from Engineering Services Administrator, Michael Cirillo, for approval of reduction in bonding, release of Letter of Credit and acceptance of Cash Bond for The Glen Manor Subdivision, Glenmont. Supervisor Fuller noted the Engineering Division received a request from A. T. Zautner & Son for the release of credit and cash bond for replacement. She noted the final wearing surface has been applied within the subdivision. It was mentioned that final monumentation has not been completed.

The motion was made by Mr. Lenhardt and seconded by Mrs. Davis to approve the reduction in bonding from \$20,000 to \$2,100 and release of the Letter of Credit in the amount of \$20,000 pending receipt of a check in the amount of \$2,100 for the Glen Manor Subdivision, Glenmont as requested by A. T. Zautner & Son, Inc., Glenmont, New York. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.

Noes: None.

The next item was a request from Commissioner of Public Works, Bruce Secor, for approve to re-bid Directional Drilling Services. It was explained that the previous bids did not meet specification requirements. Could advertise on August 21, 2002 and open the bids September 4, 2002 at 3:00 p.m. Supervisor Fuller noted that the bids were rejected and new bids are to be solicited.

The following resolution was offered by Mrs. Davis and seconded by Mr. Lenhardt:

WHEREAS, the Town desires to re-advertise for bids for the purchase of Directional Drilling Services, pursuant to law,

NOW, THEREFORE, BE IT RESOLVED, that the Town Clerk advertise for such bids in THE SPOTLIGHT issue on the 21st day of August, 2002 and that bids be received up to 3:00 p.m. on the 4th day of September, 2002 at which time the bids will be publicly opened and read.

The resolution was adopted by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.

Noes: None.

Absent: None.

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Councilman Davis asked Mr. Secor if there are any other vendors who will submit a bid. Mr. Secor said these 3 bidders who submitted bids are very competent drillers. He said they did not do a very efficient job of filling out the paperwork. Mr. Secor asked Town Attorney Alessi if there was a need for a motion to reject all the bids received. Town Attorney Alessi said there should be a motion.

The motion was made by Mr. Lenhardt and seconded by Mr. Marcelle to reject all bids received on August 8, 2002 and to go to re-bid for Directional Drilling Services. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.

Noes: None.

Absent: None.

The next item was a request from Comptroller, Judith Kehoe, to increase the authorized amount on the Interfund Loan between the General Fund and the Water Fund. Supervisor Fuller noted the Town Board has received the 2 page Memorandum. Comptroller Kehoe said the rate increases have taken effect. She said the revenues have increased but the expenses have increased at a faster clip than have the revenues. She said they do expect that once the next round of bills go out and the cash starts coming in, some of the additional amount can be repaid to the General Fund. She said there is a large debt payment due in August and September. She said toward the end of September is when the collections start to come in. She said there are some large property tax payments that are due also in the end of September. She asked for the interfund loan to be increased from 1 million dollars to up to 2 million dollars so that they can get through the next 2 months without unduly delaying payments. She said there is no option to delay a repayment on the debt service.

Councilman Plummer asked Comptroller Kehoe if the interfund loan proposed here get paid off by the next item on the agenda. Mrs. Kehoe said it will be paid down by the increases. She said the increases will enable the revenues to increase as well. She said it is all about timing of collection. She said that increases listed in Mr. Secor's memo will not be felt until 2003. She said it is the

prior increases that the Board have adopted that will be producing additional revenues in the last quarter of the year that will allow repayment. She said even if the fees went up to the full 2 million dollars, she does not expect the interfund balance to be at the same level by the end of the year. She said it should be down closer to the 1 million dollar mark. Councilman Plummer asked if the Town can have interfund loan debt on the books at the end of the year. Comptroller Kehoe said under current New York State you cannot. She said she would have to come back before the Board and request permission to get a tax anticipation note. She said the State Comptroller's office have said that they would not write up any municipality that had an interfund loan on the books as of the end of the year but the statute is black and white that says you cannot have it. She said she could not in good conscience, recommend that we do that option until such time as the statute is changed. Councilman Plummer asked if that was done last year and Comptroller Kehoe said that was done for a million dollars last year. She said it was \$375,000 the year before that. She said she is hoping to have it to under a million at the end of the year so some improvement can be shown in the Water Fund.

Councilman Plummer asked how that was paid back. Comptroller Kehoe said with the tax collections that would be coming in in January 2003. Councilman Plummer asked if that was under Mr. Secor's proposal. Mrs. Kehoe said with Mr. Secor proposal it does not address the tax rates. She said the tax rates will be coming from the budget review and approval that will be done later on this year. Councilman Plummer said the tax rates will be adjusted or propose adjusting the tax rates to pay off that note that would be needed to take care of the interfund loan. Mrs. Kehoe said Mr. Secor is working on those figures at this time.

Councilman Davis asked about changing the figure from \$1.60 to something higher, asking if that would help. Mr. Secor maybe the 2 items should be done together. He said the second Memorandum was from him on increasing the water rates. He said for purposes of getting the discussion started, he wanted to go over a little background information.

Mr. Secor said with the drought declaration in January, they had to do some extraordinary things which cost money. The combination of all of those have gotten the Department where the cost for 2002 will exceed our revenues so there are some adjustments necessary. He said they increased water rates January of 2002 and increased again in May based on what was known at the time for the drought emergency declaration. He said unfortunately a number of other conditions were imposed on the Town in the permits that came forward which have added additional costs that are going to have to be paid. He said we are at the point where he is proposing a 20 percent across the board rate increase for the water rates. He said the base rate would go to \$1.60 but the amount of water at \$1.60 is very small and that is basically to protect the senior citizens. He said 90 or 95 percent of the customers use more than that minimum amount in a billing period. He said they would all pay a portion of this higher rate which is being proposed as \$3.50. He said the base rate on the rate sheet, the other part is that they are recommending that they go from billing 3 times a year to 4 times a year so that the base at the bottom of the rate sheet says from 1 to 1,000 cubic feet at \$1.20 which is the same as \$1.60 per 1,000 gallons. He said the minimum water bill would be up to 1,000 cubic in 3 months or \$12. He said the customer would pay \$12 four times a year instead of \$13 three times a year. He said would stop having a huge increase to the senior citizens or people on fixed income. He said there are only out of 10,000 accounts, less than 500 that are in that category. He said all of the other people will be in the category of 1,001 to 80,000 and again, if you look at the previous year – there were 3 or 4 different levels which they have done away with - - now there will be only 1,000 to 80,000 at the \$2.62 figure. He said that's 98 or 99 percent of the customers. He said the only ones that go beyond that are the 5 large industrial accounts which are going to see an increase from \$1.60 to \$1.92 which is 20 percent.

Councilman Plummer asked if this is 20 percent across the board. Mr. Secor said it was because of the other rate for some intermediate levels, they will see a 30 percent increase because everyone is being pushed to this \$3.50 rate. He said in general, it is a 20 percent across the board increase. Town Attorney Alessi said absent customers with whom there are separate contractual arrangements. Mr. Secor said that was correct and it was only one.

Mr. Secor said with this, the industrial rate would be \$1.92; the base residential rate for the first 1,000 cubic feet would be \$1.60 but most of the water would be at \$3.50. He said that is more than the \$2.92 we are paying Albany and it gives them some margin to begin paying back the loan. He said he has not been able to finish the mathematical model and the projections, he needs to meet with the Comptroller but by the time budget is done, there will be a 5-10 year projection and be able to pay the loan off over 3 or 4 years. He said the disaster of the stuff took a year or two to get into and you cannot get out of it in 1 year. He said that will be presented along with the budget. He said they will show in the numbers whether or not there will have to be another increase next year.

Mr. Secor said in general if you compare our water rate and really it is the \$3.50 against a number of the other communities around us, that is kind of in the ballpark. He said there are areas that are above and below us. He said he is preparing a spreadsheet to show that as a comparison.

Councilman Plummer asked Mr. Secor if he was proposing the figures – the 20 percent increase – be effective January 1, 2003. Mr. Secor said it would be effective right away where water consumed over the next 4 months is billed in January. He said in other words, they are telling people now, the water they are going to consume in the future and be billed for starting January, February, March next year will be at this higher rate. He said just like they did in January when the emergency was declared, they made a declaration of a change in rates effective for the bills produced in May. He said they put everyone on notice that the water they consumed between now and May 1st when you are billed will be at the higher rate.

Councilman Davis was thinking of the current water bill that was \$15 and some cents which is, again, a bargain. She said she has said that a number of times. She said there is probably no other bargain like it in the community. She said rather than have to raise rates again in January as you say you are fairly certain will have to be done and so was she, she would rather do that now and do it once. She said hopefully that will solve the problem. She said at least at that middle rate, but not do anything that is going to hurt the seniors or do anything that is going to hurt industry but the people who are using water right now, who we see watering their lawns, and using the water and consuming the water to greater degree are in that middle bracket. She said she thinks that is where they need to at least say, you want to use the water, you pay for it.

Supervisor Fuller said she asked the Comptroller and the Commissioner if that could be done, just do it once. Councilman Davis said do it once and hopefully this will solve it but if it does not we will have to increase it. She said hopefully that will make people use less. She said she thinks that is the answer as well. Supervisor Fuller asked if that could be counted as revenue for 2002. Mr. Secor said the January billing will be 2002 revenue, beyond that will be next year's revenue. He said they used to get 100 percent in January, 75 percent in February and 50 percent in March but now that is different. Comptroller Kehoe said he was referring to GASB 33 which a few months ago, the Board adopted that principal where if it was not collected within 60 days of year end, it is not considered revenue of that year. She said that is a revenue recognition policy and the bigger issue here is not when we are recognizing this revenue but when are we collecting this revenue. She said that is why you need the higher rates. She said the water rates are 75 percent of the revenues for the Water Fund, so there is not going to be help to the Water Fund by increasing the tax rate to any significant degree, it has to come through the water rates for that.

Councilman Marcelle asked the Comptroller with regard to her memo and expenses have also increased and that is approximately 1.1 million dollars. He asked if that was largely from purchasing water from other municipalities. Comptroller Kehoe said this was. Mr. Secor said mostly and costs down at the river for aquatic protection, for pumping, for intake structures, a lot of overtime costs but they had budgeted about \$500,000 for outside water purchases but this year we will spend about 1.3 million. He said a lot of that is outside water purchases. He said they did increase the rates in January to try and take care of that but it has not. He said all of the other expenses they had, they had the same number of water plant operators, the same number of distribution crew, whether they make a million gallons a day at the Vly Creek plant or we make 4 million, it is the same labor costs. He said there is a little savings in electricity and chemicals but the majority of the costs are almost like a fixed cost. He said what is happening is that the money is being spent almost twice.

Councilman Marcelle asked hypothetically, we receive normal rainfall this autumn and normal snow fall this winter, would you project us giving a normal limit of rain and snowfall next spring or this winter purchasing the same amount of water we do from other municipalities. Mr. Secor said no. He said if the Vly Creek reservoir was at normal levels, we would be purchasing from Albany the contracted amount of about 600 or 700,000 gallons a day. He said we would not be buying 2 million gallons a day. He said the reason for that is simply that we do not have the water in the reservoir to produce that much. He said what he would be projecting for next year is that instead of spending 1.2 million dollars, they will probably budget \$600,000 for outside water purchases because the permit to pump directly from the river is good until October next year which would carry us through, hopefully, one year until the new wells are on line. He said that will take care of industry. He said if we have any kind of a normal winter at all, the reservoir will come up and we will be able to come back to normal production levels at the reservoir which will then cut back on the expenses for Guilderland and Albany purchases.

Councilman Marcelle said his final question is to walk through the hypothetical. He said we cut back on our purchases, what will this rate increase affect the budget long term. Mr. Secor said that is the projections he is working on. He said basically what will happen is that \$300,000, \$400,000, \$500,000 that we do not spend buying outside water can be used to repay the loan. He said that is the picture he is trying to put together. He said he is reluctant to pick a number out of the air to try to make a water rate increase without those projections done. He said he and the Comptroller must have the time to sit down and do this year's budget and some projections for the next 3 years over where the revenues are, where the expenses are. He said they have outside expenses again from mandates that are coming down the road that we are going to have to fund. He said there are some multi-million dollar expenses at the existing water plant that are going to have to be funded. He said they have to see the year's... some of the existing debt service about \$300,000-\$400,000 a year in existing debt service that will fall off and those bonds will be paid off over the next 4 years. He said they are setting up a spread sheet, noting he did one in 1994 and he is updating all of that to try to get these projections out so that they can be looked at for a reasonable tax rate structure and a series of improvements and how that is going to work and also the water rates.

Mr. Secor said the other issue is Selkirk Cogen that has had a contract, their price contract, expires in August of 2003 so in September of next year, they can start approaching them with 5 percent a year increases in their rate to get them up to the \$1.92. He said they are now at \$1.70. He said when they first signed the contract, they were at \$1.70 and everybody else at \$1.00. He said for the first 9 years of that contract they were paying more than everyone else. Now, he said they are at about break even and then by the time the contract expires, they will have to ratchet them up and it will take about 2 years to get them up to this rate. He said they have to do those projections on that spreadsheet also.

Councilman Davis said she is not comfortable with hypothetical and increased water supply and rain that we have not had. She said she would rather say let's just bite the bullet, let's raise that figure now and if necessary it can be reduced it next year. She said they can be kind but she does not think that this is something that should be guessed about. She said that is what is being done again and she thinks this needs to be done on the safe side rather than on the hypothetical side. Comptroller Kehoe said as she mentioned in her Memorandum, they are not at any risk of raising too much money from this because not only do you have a \$350,000 deficit in the Fund as of the audit report dated 12/31/01, but you are projecting another deficit this year and in order not to have cash flow difficulties in the Water Fund you really need to have a Fund balance around 25 percent of the budget due to the timing on the debt service payments that are significant. She said that is a big hole to be digging out of.

Councilman Plummer asked what the percentage increases were in January and in May. Mr. Secor said the increase done before went from \$1.07 to \$1.10 and from \$1.10 to \$1.30. He said that is about a 20 percent jump at that point but the bigger jump was in that middle rate where it went to the \$2.92 and noted he did not have the figure in front of him. He said there was a substantial jump and it was done because we had to cover the costs coming in from Albany. He said we are now saying go to \$1.60 which again is a 20 percent increase but the \$1.60 affects so few of the customers, reiterating that it is the middle number that is controlling the revenue. Councilman Plummer said what is being said is that once he is done with the spreadsheet which he is working on with the Comptroller, he will have a more definitive picture of what the rate should actually be. Mr. Plummer said he did not have that at this time and said he does not, personally, like the idea of the 20 percent increase now, 20 percent earlier and it is just constant. He said to go ahead and increase it to 40 percent now or whatever the figure may be because it is though to be needed is something that makes him uncomfortable to support that. He said if there is something more concrete... Mr. Secor said the only other side of that is the timing issue. He said if they come back at the first meeting in September they may be able to do that with this updated spreadsheet and make the recommendation. He said it may still be timely to make that increase but we would be 11 days into the billing, theoretical billing period, and to try and go back and prorate a bunch of bills is very complicated.

Mr. Secor asked the Board if they would consider making the rate change that he is asking for and revise the spreadsheets and get them to the Board by September 11. He said if an additional rate increase is necessary, it could be done at that meeting. He said he knows they do not want to do it in 2 steps but he would like to have a plan in front of this when this is done. Councilman Plummer said there is a meeting before that and asked why it could not be done at that meeting. Mr. Secor he was sorry. Supervisor Fuller asked to let her think about that date because there will be the truck study and she believed the NIGRO project may be on the agenda.

Mr. Secor suggested that instead of using \$3.50, use \$4 and make the spreadsheets up on that and get those to the Board. He said as Councilman Davis said, it could always be reduced.

Councilman Marcelle said his only concern is that picking \$4 out of thin air without any kind of study or deciding why that is a good number or bad number he feels uncomfortable doing that without a long term projection. He said it makes it look like the Board does not know what it is doing in some senses. He said today the \$4 is passed, January when a complete study is done it should be \$3.75 and he would rather fool with the taxes as few times as possible. He said if they are looking to alleviate a long term problem, there is a deficit structure that is going to have to be dealt with. Councilman Davis said she thinks that was the answer, they need to deal with it.

Supervisor Fuller noted the budget process for 2003 needs to be gone through and that will be taking place in September. Comptroller Kehoe said it is

presented for consideration at the second meeting in September and then the workshops would be in October and voted on in November. The Supervisor asked if in October if this could be done and the residents could be given a notice that they will be paying more. Mr. Secor said if that was done, it would be normal and make them effective in January but they would not come until the May bills. Mrs. Kehoe said there is that 4 month lag on the billing cycle. Mr. Secor said it would be 3 months next year.

Supervisor Fuller asked how quickly these figures could be put together and a special meeting can be scheduled just for this. She said if it needs to be done, it needs to be put together and presented to the Board. She said she felt this would not be on the Board meeting of the 28th. Mr. Secor said he would do it prior to that. He said he would sit down with Mrs. Kehoe and work out a schedule. Supervisor Fuller said as soon as they have it she will poll the Board for a meeting. Mr. Secor asked if they wished to set the date right now. Supervisor Fuller asked how quickly this could be done. Mr. Secor said it would take 3 or 4 days but he has jury duty. The Supervisor directed Mr. Secor to let her know as soon as he is ready and he will poll the Board for their availability and as soon as they are ready to meet it will be scheduled. She said an emergency meeting does not require the 48 hour notice, noting she would consider this an emergency. Town Attorney Alessi noted this was correct, reasonable upon the situation.

Town Attorney Alessi had a comment and a couple highlights for the Board that they may want to consider the next time this is before them. There was a question with regard to what was contributing to the increase costs. The answer essentially was some operating costs and then purchase from outside the city. He wanted to confirm an assumption that he has that is but for the operating costs incurring at the river, you would be purchasing water from outside so even though costs are being incurred at the river those are less than the costs would be to purchase that same amount of water from the river from the city. Mr. Secor said this was correct. Mr. Alessi said not an insubstantial amount of money. Mr. Secor said it was not. Mr. Alessi said even though that is an additional cost, it could be more, sort of underscore the river as a valuable resource. He said the other is a question and perhaps a comment and that is how long can the Town go according to accounting standards by having a negative type cash flow situation or not a sufficient cash flow situation before we are violating an accounting standard or the Comptroller's office says enough is enough get your cash flow in line with your operating costs. Mrs. Kehoe said keep in mind that the Water Fund is about 25 percent of the overall Town finances so in the big picture it is a small piece. She said the General Fund, the Highway Fund are very healthy. She said the General Fund is the main operating fund for the Town. So, she said given the strength of the majority of the Town's finances, even with this deficit in the Water Fund, she would not expect that the State Comptroller's office would be knocking on our door for any kind of a special review or what is being referred to has been seen in Troy and downstate on the island. She said we are no where close to being in that position. As far as audits and accounting standards, Mrs. Kehoe said the auditing standards require that we accurately report the financial position so when she says there is a \$350,000 deficit, the auditors have reviewed that and given their opinion that that is accurately stated. She said so from the financial standards standpoint, there is no time frame on that deficit. She said, obviously, she sees her role as trying to work closely with Mr. Secor and the Board to make sure that all of the funds are in good financial condition which is why these rate increases are so important to the Water Fund. She does not see deficits are being an acceptable position especially for a Water Fund like this which is a proprietary fund. She said we must be able to cover our operating costs and that is done by controlling costs and by accurately setting those revenues. She said that is critical and it will take several years to do that given the magnitude of the deficit and the projected deficits. She said that is why in the Memorandum she put as the very first bullet that one of the options in addition to raising the rates is to try and control the costs. She said there are a lot of variables. She said it is not an easy task with these projections that Mr. Secor is putting together and she will be helping him on just because it depends on the weather and how much water are you selling. She said over time

that is supposed to even out and be able to come up with reasonable projections. She said there is no imminent danger of having the State Comptroller's office or our auditors raising red flags for us over the situation. She said we are taking the right steps to address this issue.

Councilman Plummer asked if there are other things in Public Works that can be looked at to defer or to look to cut back. He said she mentioned the water rates are 75 percent of the revenues, the 25 percent – are there projects or are there certain activities. Mr. Secor said whatever discretionary items are out there, they have put off. He said that portion of it has been done. He said on top of all this, the water plant got hit by lightning and costs \$100,000 to replace a bunch of equipment. He said we will eventually get reimbursed by the insurance company but meanwhile it shows up as an expense that they have to deal with. Mrs. Kehoe said that due to GASB 33 if that check is not in hand within 60 days, it is not going to be matching in the same accounting period.

Mr. Secor said since the beginning of this year, the January billing since it is billing for the 4 months previous, 100 percent of that revenue was credited to last year. February bill, he said, since it is a 4 month bill, 75 percent of that was in the previous year and March is 50/50. He said that money was pushed to last year. He said with the change this year, even though the rate changes go in and we get the largest area, it is going to show this year's on paper on the close out of this year, losing the money from February and March but it will show up next year. Mrs. Kehoe said the benefit of the increase will not be shown until next year. She said again that is revenue recognition. She said her issue is cash flow.

Town Attorney Alessi said the final question was whether the fund should have a positive 25 percent of revenues. Mrs. Kehoe said yes. Mr. Alessi asked should rates be established that get the account at 25 percent. Mr. Secor interrupted to say that is not 25 percent every year. He said it is a 25 percent fund balance which is maintained. Mr. Alessi said he understood that. Mr. Secor said they only have to get to that threshold one time. Mr. Alessi said to him he hears a little bit of a policy question, which is are the rates just reflecting your costs or do you have the rates reflect a deterrent which is to him a different policy call and that is for the Board to make. He said he heard some, perhaps, difference of thoughts on that and it may be helpful to the Board when it comes to its decision as to whether it wants to have a rate that just reflects cost and does not reflect a deterrent or whether they want to have built into the rate a deterrent effect. He said he thinks that might assist the Board in future deliberations.

Councilman Plummer inquired about the 25 percent, noting he thought the Comptroller's recommendation was more along the 10 to 15 percent. Mrs. Kehoe said the current statutes say that you should have a reasonable fund balance. She said if you ask one of the representatives, they will say that as a general rule of thumb that number is 10 to 15 percent. She said, however, for the Water Fund due to the timing of the receipts versus the timing of the expenditures it needs to be higher. She said that number may start to whittle down, maybe to the 15 or 20 percent range, once the billing cycles are shortened up because again there will be a steadier stream of money coming into the Water Fund which means there does not have to be as much money on hand as of the end of the year in order to cover that. She said currently with the every 4 month billing cycle, basically 3 times a year for all of the customers, with the debt service payments as they are in March and September, the largest ones being of course for the Clapper Road plant, the Water Fund needs about 25 percent. Councilman Plummer asked if it was custom to invoice on a 4 month or now there will be a 3 month basis. He asked why not do 2 months. Mr. Secor said some communities do 6 months, some do 4. He said they tried to go to 6 months and the cash flow was not acceptable and that's when they went to 4 and now they are moving back to 3. He said for 2 reasons, there is better computer systems so they can generate the bills and going to the radio read meters which gives them ability to go out and read the meters. He said he does not know anybody who bills more frequently residential customers than every 3 months. He said on the commercial side, a lot of those accounts have been billed every 4

months and they are going to bring them back to either 3 or 2 months. He said that will be in the budget recommendation, certainly the largest ones. He said they already bill Selkirk Cogen on a 2 months basis. He said they might just bring all of them in on 2 months. Comptroller Kehoe said effectively that is an interest free loan to the water customers. She said it is like the credit card companies grace period. So, she said part of the cost of the fund is that float on the money, not to mention the cost on the repairs. She said someone mentioned were there projects being deferred and she said ideally you are able to have the plan that will set forth what these capital projects are going to be and that you would have the funds to cover those projects on an ongoing basis so that you do not have to bond everything or you do not have to tap into the reserves. She said that is part of the cost formula too.

Councilman Plummer asked if there is any more money in the capital reserve accounts in Public Works. Mr. Secor said in the Water Fund they have just about depleted it. He said in the Sewer Fund they just took \$400,000 a couple months ago for sewer repairs. He said in the years before the situation that we have now, they were putting money into Capital Reserves and had built up about \$600,000 in Capital Reserves. He said they did have about a 20 or 30 percent fund balance and it is gone.

Councilman Marcelle said to follow-up on the Town Attorney, he said there are 2 things that would be helpful as we prepare the study for him. He said one is how much has the Town conservation program cost us in water revenue. He said he is assuming we have used less water and thereby generated less revenue because of our conservation. He said secondly, kind of how price sensitive is our consumers to water use. In other words, he said at what point do they start calculating price in use. He said he did not know if there are studies out there. Mr. Secor said in order to try to control peak rates, Clifton Park has a top water rate he thought of \$12 a 1,000. He said again, you get into these multiple rate tiers for residential customers and that is something they have tabulated and they are looking at. He said is there sensitivity. He said it is difficult to say because they are right now a 4 month water bill which on average is between \$15 and \$50. He said people are spending \$50 a month for cable tv and do not think a thing of it. So, when you try to compare it against other things, he said, how much does it cost for a newspaper on a 4 month basis compared to the water bill. He said you start making comparisons but the 2 concerns they have is – 1. the rate is a fair rate and that we do collect what we need and 2. is on the senior citizens or the minimum users is to keep a water bill... if someone uses 1,000 cubic feet or 500 cubic feet in a billing period, but you bill them for 2,000 anyway. He said you are sending them a wrong message but unfortunately on the other side of it, a minimum water bill about \$12 there is a certain cost of doing business – maintaining the account, sending out the billings, reading the meters – so they are trying to make a balance on that side. He said the lower end is less than 5 percent of the customer base and they are not going to waste a lot of time or try to make up the money on that end because it just is not there and they should not do that. He said it is the middle of the thing that needs to be looked at carefully.

Town Attorney Alessi said he wanted to look at potential lost revenue, asking if they want to look at whether or not net revenue was affected. He said for example, if it we would have charged somebody \$1.50 per 1,000 gallons of water, whatever the rate would be, but it would have cost us \$1.92 to buy that water from Albany, you can end up if you just look at revenues with a loss of revenues but the number may be misleading to the net number. He said he did not know if the analysis can get that detailed. He said he understood the question and thought it was a good one because it helps in terms of the overall economics and issues here but he wanted to make sure he understood the intent of the question but does that methodology get you to the real intent of the question.

Mr. Secor said it is a very complicated thing to answer but under the circumstances they are working under, selling more water is not going to help us because we are buying it from outside sources. He said under normal operating

stances, if you sell more water, your unit costs go down. He said you have to put the conservation measures in. He said in order for us to do anything in the water supply business they have to go to the NY State Department of Environmental Conservation and get a water supply permit. He said they will not issue us a permit unless we have a water conservation plan on file. He said the water conservation plan has to show how we are practically, appropriately using this resource. And so, he said there will never be a time when they will be able to stand before the community and say you can use all the water you want for anything you want because they could not get the water supply permit to build those facilities to deliver that promise. He said that is a kind of out-of-bounds marker. He said within a realm of reason, some amount of outside watering, some amount of recreation use of the water has to be included in any appropriately designed system. He said it is just like all things alike, it is a balancing act. He said yes, conservation measures reduce our water sales and reduce our revenues but if you do not have the water to sell it does not matter. He said the problem in this business is like in 1999 it was a drought year. He said the average water use for the month was almost 8 million gallons a day. He said fortunately they started the year with a full reservoir and they were able to sell that. He said they also have a serious stages of water restrictions which are starting to see in the paper from all of the communities around us. He said some have direct taps into the Mohawk or different sources which are plentiful in the supply side. He said his in-laws live out near Rochester and their source of water is the Great Lakes. He said for all intensive purposes, it is an unlimited source of water. He said they have restrictions every year because it is treatment capacity and distribution. He said there is never going to be a time when you can just get all the water you want because we are controlled from outside and it really probably is not a rational use of the water. He said it is a resource we have but there is a lot of middle ground.

Councilman Marcelle said instead of cost he thinks impact would be a better word because it reflects more the revenue end of cost involved. Mr. Secor said he has been filling out monthly forms. He said one of the permit conditions is that he has to report monthly to the DEC on the amount of water we feel we are saving through the conservation measures. He said he has not been handing them out to the Board but he can start handing that out. He said they are computing that monthly. He said believe him, it is as close an estimate as you can make but it has to be based on estimates because you have to say what you would have used if you had no conservation measures versus what you are using now. He said they can look at historical records and things but he has calculations that they do monthly for that.

Councilman Plummer noted when they come back for the special meeting if the rate increase was to be more than what is proposed, he asked if the inter-fund loan is still needed. Mrs. Kehoe said that is still needed because of the timing that that increase would take effect. She said she is not going to see those additional revenues. She said she still needs the inter-fund loan. Supervisor Fuller asked if the Comptroller needed that at this meeting. Mrs. Kehoe said yes or there will be a different emergency meeting. Supervisor Fuller said that answers the question.

The motion was made by Mr. Lenhardt and seconded by Mrs. Davis to approve the authorization amount on the Interfund Loan between the General Fund and the Water Fund from \$1 million to \$2 million as requested by Comptroller, Judith Kehoe. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.
Noes: None.
Absent: None.

The following item was a request from Bruce Secor, Commissioner of Public Works, for Water District budget modifications for supplement appropriations.

The motion was made by Mr. Lenhardt and seconded by Mrs. Davis to table the request for Water District budget modifications for supplement appropriations as requested by Commissioner of Public Works, Bruce Secor. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.

Noes: None.

Absent: None.

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Councilman Lenhardt said he was uncomfortable with just taking a shot and the number used was \$4. He said if they had to deal with it tonight, he would have been amenable to taking the current rate and over the course of maximum of 3 to 4 weeks maximum raising it again. He said he certainly would not be in favor or waiting until the beginning of next year and make another increase. He said he would prefer to see a number that they can put their hands around.

Supervisor Fuller said they can have the number to increase it whenever the special meeting is, not to be heard from again for another increase. She said that is the plan Mr. Secor and Mrs. Kehoe will come up with.

Councilman Marcelle asked for clarification, for the lowest, for the 1 to 1,000 cubic feet, that is being raised from \$1.20 to \$1.60. Councilman Lenhardt said that was correct. He said that was the proposal that was in front of the Board tonight. Councilman Davis said that figure will stay. She said it is the middle figure that is being worked on. Mr. Secor said yes. Councilman Davis said the \$1.92 will stay as a proposed figure. Mr. Secor again agreed. He said he is going to look again at going to that 1 to 80,000 and look at some usages in there.

Councilman Davis thanked Supervisor Fuller for considering the special meeting to deal with it. Supervisor Fuller said she would let everyone know as soon as she knows and check their schedules. Mr. Secor said they will have it resolved before the meeting on the 28th.

The next item was to acknowledge receipt of Conditional Approval of Final Plat for Laura Ridge Subdivision, Adams Street, Delmar from the Planning Board for information purposes.

The next item was to acknowledge receipt of Conditional Approval for Giacone Subdivision, Westphal Drive, Delmar from the Planning Board for information purposes.

The following item was to acknowledge receipt of Conditional Approval of Final Plat for Milltowne Plaza Subdivision, Wemple Road, Glenmont from the Planning Board for information purposes.

The next item was to approve the Town Board minutes of July 24, 2002.

The motion was made by Mr. Plummer and seconded by Mr. Marcelle to approve the Town Board minutes of July 24, 2002 as submitted. The motion was passed by the following vote:

Ayes: Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.

Noes: None.

Abstain: Mrs. Fuller.

Supervisor Fuller asked if anyone wished to address the Board. Mrs. Capone asked what the Supervisor is going to do with her new office, asking if she was going to have an open house. Supervisor Fuller said she needs to be in her new office first.

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Councilman Marcelle said he would like, for the record, to extend his congratulations to the Tri-Village Little League for their excellent season and also their excellent program. He said it was the first year that his children have been in the program and the sponsors and the way they run and organize that Little League is light years above when he played. He said he thinks the Town corporate sponsors and the members of the community who run that Little League should be congratulated not just on the success of the season but the success of the program. Supervisor Fuller said they certainly did a great job. She said she was fortunately there to see their last game. She said prior to that she was not here. She said tonight on the news, Newsday reported that they are now looking into the residency of some of the players who might have been out of the district in which they were playing. She said last night they played, on tv, Bethlehem, Pennsylvania.

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The Supervisor asked for a motion to adjourn to Executive Session for an update on the Telecommunicators contract negotiations.

The motion was made by Mrs. Davis and seconded by Mr. Plummer to approve adjourning to Executive Session for an update on the Telecommunicators contract negotiations. The motion was passed by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.

Noes: None.

Absent: None.

The motion was made by Mr. Lenhardt and seconded by Mr. Plummer to adjourn the regular Town Board meeting at 8:35 p.m. The motion was carried by the following vote:

Ayes: Mrs. Fuller, Mr. Lenhardt, Mrs. Davis, Mr. Plummer, Mr. Marcelle.

Noes: None.

Absent: None.

Deputy Town Clerk

EXECUTIVE SESSION

There was no formal action taken at the Executive Session.