

Regular Meeting Minutes

Date: March 25, 2020

**Due to COVID-19 situation, meeting held via teleconference.*

*See attached public notice posted on LCWSA webpage**

Members Attending: M. McKeown, T. Anderson, S. Beardsley, J. Deming, E. Gott, T. Saunders

Excused:

Absent:

Others attending: M. Baines (Executive Director), M. Kosakowski (Director of Operations), R. Lewis (Principal Account Clerk), T. Hockey (Account Clerk/Typist), E. Wies (Clark Patterson Lee), J. Campbell (Kruk & Campbell, P.C.), H. Briggs, CPA and R. Shepard, CPA (Bonadio & Co., LLP)

Call to Order – With a quorum present, Chairman M. McKeown called the meeting to order at 8:00 am.

Approval of Agenda

Motion: *E. Gott moved and J. Deming seconded to approve the agenda as presented. Carried unanimously.*

Approval of Minutes – February 26, 2020 Regular Board Meeting

Motion: *S. Beardsley moved and E. Gott seconded to approve regular board meeting minutes dated February 26, 2020. Carried unanimously.*

Privilege of the Floor – Audit Rept/Presentation: Heather Briggs, CPA/Randy Shepard, CPA (Bonadio & Co, LLP)

H. Briggs reviewed the draft audited financial statements for the years ended in December 31, 2019 and 2018, with the Board. Financial highlights that were discussed include:

- Net position decreased from 2018 by \$1,203,873, resulting in a total 2019 net position of \$31,151,124.
- 2019 Operating Revenues increased over 2018 by \$209,165, or 6.1%.
- 2019 Operating Expenses increased over 2018 by \$100,190, or 2.7%.

H. Briggs reviewed the Summary Statements of Net Position, and noted that the balance of current and other assets decreased approximately \$25,000 from 2018 to 2019. This decrease is mainly related to a decrease in amounts due from New York State of approximately \$238,000, offset by an increase in cash of \$246,000 and an increase in prepaid expenses of \$22,000. Amounts due from New York State in the current year consisted of the final amount due related to the project with the Department of Corrections and Community Supervision (DOCCS) to provide a distribution system and drinking water service for ten years to Groveland and Livingston Correctional Facilities. In the prior year, there was also an amount due related to the Lakeville Wastewater Treatment Plant Upgrades project with the NYS Environmental Facilities Corporation.

Total liabilities increased approximately \$4,000,000 from 2018 to 2019. This was the result of borrowing on the bond anticipation note payable in the amount of \$2,980,616 related to the NYS EFC funding of the Lakeville Wastewater Treatment Plant Upgrades project and the recognition of the Total Other Postemployment Benefits Liability of \$1,408,511 upon employees transferring to the Authority from the County on January 1, 2019. These increases were offset by decreases in accounts payable and total bonds payable.

H. Briggs also reviewed the information contained in the March 25, 2020 letter entitled “Communication of Matters related to Internal Control over Financial Reporting and Other Matters”, which included observations and recommendations regarding: Oversight and Approval of Journal Entries, Payroll, Year-End Close Process, and Leases (GASB 87).

In conclusion, H. Briggs indicated that it is Bonadio & Co's opinion, that the audited financial statements present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2019 and 2018, and the changes in its financial position, and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Motion: *T. Anderson moved and S. Beardsley seconded to approve the audit as presented and to direct LCWSA staff to submit the audit to the NYS Authorities Budget Office (ABO) to meet the submittal deadline of April 1, 2020. Carried unanimously.*

Financial report: R. Lewis reviewed the February 2020 Financial Report with the Board (on file with Secretary).

Motion: *E. Gott moved and T. Saunders seconded to approve the February 2020 Financial Report. Carried unanimously.*

Other item(s) discussed under the financial portion of the meeting:

PARIS Submittals (Annual Rept, Procurement Rept, Investment Rept)

R. Lewis and M. Baines reviewed upcoming submittals to the ABO that are due by April 1, 2020 and are to be submitted online through the Public Authorities Reporting Information System (PARIS). M. Baines highlighted any questions where the answers for 2019 differ from those submitted in 2018. The only change was related to whether the Authority issued any debt during the report period – in 2019, the answer was “No”, and in 2018, the answer was “Yes” due to the issuance of the short-term note with EFC for the Lakeville WWTP Upgrades project. There was also a brief discussion related to the Investment Report information to be submitted. Although the LCWSA does not current have any investments that trigger the requirement of an independent audit, per the ABO a report must still be prepared that indicates that the “Authority does not own any investments”.

Motion: *E. Gott moved and J. Deming seconded to approve submittal of the Annual Report, Procurement Report, and Investment Report information as presented, to the ABO by April 1, 2020. Carried unanimously.*

Annual Internal Controls Self-Assessment (Year 2019)

M. Baines reviewed the memorandum (on file with Secretary) that was prepared by management level staff (M. Baines, M. Kosakowski, and R. Lewis) summarizing the internal controls self-assessment that was performed for year 2019. Based on a review of major business functions, management staff believe that while the existing system of internal controls may be “adequate” with sufficient oversight provided at both the board and management level, there are specific areas within the organization where improvements could be made to further promote efficient and effective operations, minimize the risk of inappropriate or unauthorized activities, etc. The Board reviewed those recommendations that were included the memorandum. M. Baines requested that the Board acknowledge that an annual assessment of the effectiveness of the LCWSA's internal controls was completed for 2019.

Motion: *E. Gott moved and J. Deming seconded to approve the following: “This statement certifies that the Livingston County Water & Sewer Authority followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending December 31, 2019. To the extent that deficiencies were identified, the Authority has developed corrective action plans to reduce any corresponding risk”. Carried unanimously.*

Approval of Bills: R. Lewis reviewed the monthly bills.

Motion: E. Gott moved and T. Saunders seconded to approve paying Total Operating Expenditures in an amount not to exceed \$165,202.82. Carried unanimously.

Motion: J. Deming moved and S. Beardsley seconded to approve paying the bills for Total Utilities & Miscellaneous expenditures in an amount not to exceed \$188,300.21. Carried unanimously.

Operations and Capital Report

M. Kosakowski reviewed the Operations and Capital Reports with the Board (on file with Secretary). The following items were further discussed by the Board:

- **2018 CIP – SCADA System Improvements (Conesus Lake PS), Scope Modification + Review & Approval of Comprehensive Evaluation Proposal (Colacino Industries, Inc.)**
M. Kosakowski and M. Baines noted that miscellaneous SCADA system improvements at various sewer pump stations had been identified as a project in the 10-year capital plan. With several communication loss issues that LCWSA encountered in Fall 2017 around Conesus Lake, the Board agreed at that time that Phase 1 of the project should involve a SCADA system evaluation of the Conesus Lake sewage pump stations, and this was adopted as part of the 2018 Capital Improvement Program. Since this time, LCWSA has added additional facilities to its SCADA system, including the DOCCS water supply infrastructure (Dennison Road Water Storage Tank, Maple Beach Pump Station, PRV and meter vaults) and new equipment (Bio-tower & Pump Station, etc.) that was constructed as part of Phase 1 of the Lakeville WWTP Upgrades project. Additional SCADA upgrades are planned as part of Phase 2 of the Lakeville WWTP Upgrades project and as part of the Countywide Water System Improvements project. To ensure that LCWSA has a clear “road map”/master plan on future SCADA system upgrades, including a prioritized list of improvements, LCWSA staff recommends that a comprehensive evaluation of the overall SCADA system be completed, which would include both water and wastewater facilities. LCWSA staff has requested a proposal from Colacino Industries, Inc., who was involved in the SCADA programming for both the DOCCS water supply project and Phase 1 of the Lakeville WWTP Upgrades project. Due to their existing knowledge of the LCWSA system and recent experience on these two projects, LCWSA staff recommends proceeding with Colacino Industries, Inc., from a “best value” standpoint. The Board reviewed the proposal (on file with Secretary), and believe the scope and fee to be reasonable.

Motion: T. Anderson moved and E. Gott seconded to modify the scope of Capital Project 31138 SCADA System Improvements (Conesus Lake PS) by expanding the Phase 1 evaluation to include all LCWSA water and wastewater facilities. Carried unanimously.

Motion: T. Anderson moved and E. Gott seconded to authorize Colacino Industries, Inc., to proceed with a comprehensive evaluation of LCWSA’s SCADA system, in accordance with their proposal dated March 23, 2020, for a not-to-exceed fee of \$48,800.00.

- **Declaring Certain Equipment Surplus (Resolution 2020-05): 2002 Sterling 6-wheel Dump Truck and 1998 Ford Model 55E Backhoe**
M. Kosakowski reminded the Board that the 2019 Capital Equipment list included the purchase of a new dump truck and the 2020 Capital Equipment list included the purchase of a new backhoe. Both pieces of new equipment have been delivered to LCWSA, and therefore the existing equipment can now be declared surplus.

The Board reviewed the following draft resolution:

RESOLUTION NO. 2020-05 DECLARING CERTAIN EQUIPMENT AS SURPLUS PROPERTY

WHEREAS, in accordance with Section 24 of the Livingston County Water & Sewer Authority (LCWSA)’s Purchasing and Disposition Policy (F20-000), the LCWSA Board hereby declares the following equipment as surplus:

Description	Serial No/VIN #
2002 Sterling Model M75 6-Wheel Dump Truck	2FZABYCS52AK10727
1998 Ford Model 55E Backhoe	031013137 / NC786953

NOW, THEREFORE BE IT RESOLVED, that the LCWSA Board hereby authorizes the Director of Operations to dispose of the above equipment in accordance with the following approved disposal methods:

1. Offered for sale to other municipalities; or
2. Advertised in designated newspapers in the form of a legal notice listing the items for sale. Sealed bids will then be received; or
3. Sold through a public auction.

Motion: E. Gott moved and T. Saunders seconded to approved Resolution No. 2020-05 Declaring Certain Equipment as Surplus Property (2002 Dump Truck, 1998 Backhoe). Carried unanimously.

Other Business

▪ **COVID-19 Impacts – Update & Discussion**

M. Baines reviewed a memo (on file with Secretary) updating the Board on various items including: Staffing/Personnel, Public Notice re: Adjustments to Day-to-Day Operations, Continuity of Operations, Regulatory Required Activities, Water/Sewer Billing, Status of Various Capital Projects, DEC Consent Order Compliance Activities, and Revenue Impacts.

With “non-essential” customer service appointments cancelled, including meter changeouts, LCWSA staff is recommending that the Board suspend the “Non-Working Meter Fee” and the “Meter Replacement Non-Compliance Fee” for Q2 billing (Service Period: February/March/April 2020, Bills sent out in early May, due in early June).

Motion: E. Gott moved and T. Saunders seconded to temporarily suspend the “Non-Working Meter Fee” and the “Meter Replacement Non-Compliance Fee” for Q2 Billing (Service Period: February/March/April 2020) due to the COVID-19 situation. Carried unanimously.

LCWSA staff anticipates customer inquiries regarding waiving of late fees, establishing payment plans, etc. As LCWSA performs billing on behalf of Town of Geneseo, Town of Lima, and Village of Livonia, it is recommended that a decision be made collectively, so there is consistency/uniformity with all bills being sent out for Q2. The Board discussed that while other larger utility agencies may already have payment programs in place, LCWSA does not have the resources/staffing to fully manage this type of program, so regrettably this cannot be offered to LCWSA customers. However, by potentially waiving late fees, this would provide customers with a “grace period” of 3 months to pay their bills. LCWSA staff will reach out to Town of Geneseo, Town of Lima, and Village of Livonia, to seek consensus on waiving of late fees.

- **LCWSA Capital Projects**

- **31125 Technology Upgrades – Scope Modification + Budget Increase (\$75,000 → \$100,000)**

- M. Baines noted that this capital project was originally established in Fall 2018, to cover those technology costs related to the employee transfer, including: new IT equipment, upgrades to phone system, website development, and replacement of computerized work order system. The \$75,000 budget that was established was the best estimate at that time based on information that was available. Approximately \$65,000 in costs have been incurred to date. Development of a standalone website (versus maintaining a page on Livingston County’s website) is still an open item, and that budget has not yet been refined. LCWSA’s IT consultant (Layer3) recently began a Vulnerability Assessment of our IT infrastructure under a separate project, and noted that the laptops used by our field staff have older operating systems and should be upgraded. The approximate cost to replace the five (5) field laptops is just over \$10,000, and it is recommended that the scope of the Technology Upgrades project be amended to include the purchase of new laptops. It is recommended that the budget be increased by \$25,000 to \$100,000 which should be sufficient to cover both the laptops and the website development.

- *Motion: T. Saunders moved and E. Gott seconded to modify the scope of Capital Project 31125 Technology Upgrades (Employee Transition) to include the purchase of five (5) new field laptops, and to increase the budget from \$75,000 to \$100,000. Carried unanimously.*

- **Existing Policies – Review of Late Charge Penalty Policy & One-Time Removal Penalties Policy**

- M. Baines and R. Lewis informed the Board that there were discrepancies between the Late Charge Penalty Policy (C05-090) that had been previously adopted, and the current procedure for applying late charges which occurs on the 8th day following when bills are due (i.e. 7-day grace period), versus being applied on the 31st day from the date on the bills. LCWSA staff has drafted a new policy (C2020-001) for the Board’s consideration that is intended to clarify when late charges will be applied:

- *LATE CHARGE PENALTY POLICY
C2020-001*

- *Customers who do not pay their bill within 7 calendar days of the due date listed on their bill, will be subject to a 10% penalty that shall be calculated based off the customer’s current charges (excluding arrears) and included on their next bill.*

- *Motion: E. Gott moved and J. Deming seconded to replace existing Late Charge Penalty Policy (C05-090) with a new Late Charge Penalty Policy (C2020-001). Carried unanimously.*

- M. Baines and R. Lewis also informed the Board that although there is no formal policy that could be located in LCWSA’s files, late charges are removed upon the customer’s request, provided that the customer has not been late in making payments for the 2-year period prior to the current billing period. This requires LCWSA staff to review customer accounts to verify their payment history and verify whether late charges had been removed previously. The Board discussed this “One-Time Removal of Penalties” practice and believes that this should be discontinued, primarily due to the risk that errors could be made if customer accounts are not kept updated regarding prior removal of penalties.

- *Motion: E. Gott moved and T. Saunders seconded to rescind the “One-Time Removal of Penalties” policy/procedure, effective March 25, 2020. Carried unanimously.*

- **Executive Director Performance Evaluation Form**

- On behalf of the Governance Committee, M. McKeown updated the Board regarding finalizing the evaluation form for the Executive Director. The Committee had previously reviewed several different examples, and has selected the example that was deemed to be the most concise but still covers all the major evaluation categories. The template has been revised to reference LCWSA where applicable.

The Governance Committee is recommending that the full Board approve the draft (on file with Secretary) that was included in the Board Packet.

Motion: E. Gott moved and T. Anderson seconded to approve the Executive Director Performance Evaluation Form as presented. Carried unanimously.

Communication

The following item(s) and/or updates were provided to Board members for informational purposes. No action taken.

- COVID-19 – March 18 & 19, 2020 articles issued by WaterWorld re: impacts on water and wastewater industries.
- “Town of Wappinger Information Technology” Audit Report by Office of NYS Comptroller (March 2020)

Adjourn: Motion: E. Gott moved and T. Anderson seconded to adjourn the Board meeting at 10:23 am. Carried unanimously.