

MINUTES OF THE SPECIAL CITY COUNCIL MEETING
HELD ON
September 26, 2023

The Special meeting of the Mechanicville City Council was held at the Senior Citizen Building Mechanicville City Hall, 178 North Main Street, Mechanicville, New York on Tuesday September 26, 2023.

Mayor Butler: Called the meeting to order at 6:00 P.M.

Mayor Butler led the Pledge of Allegiance to the Flag.

Roll Call:	Mayor Butler	Present
	Commissioner Seber	Present
	Commissioner Sgambati	Present
	Commissioner Hosley	Present

Public Hearing:

Commissioner Seber announced the public hearing was limited to a public hearing regarding the new proposed water rates and they would be limiting discussion to this subject matter. He invited the public to come to the microphone and state their name.

Tamar Martin of Tallmadge place stated the numbers are not matching up because the resolution is measured in rates per cubic feet and on the City website and the water report it is measured in rates per gallon. She stated when she does the numbers it is an 80% increase. She asked if there would be assistance for Seniors who could not afford the price increase.

Commissioner Seber stated there is nothing in the system to allow that. He went on to say the current rate is currently \$3.39 per hundred cubic feet and they are proposing it to increase to \$4.58 which is a 35% increase which he agrees is a large increase.

Tamar Martin stated that there was a ridiculous amount and of water that unbillable last year and according the last years report 47% of water was lost. She suggested instead of raising the water rates invest in repairing the infrastructure, and get the water loss down.

Commissioner Seber stated this has been an ongoing problem and is not to blame on one individual or even one council, it is an accumulation, and the reason they are there now is because they have been basically living off a fund balance out of the water fund and he added the water fund has always been the most fragile of the three (3) budgets for two (2) reasons, one is the Department of Health encouraged the City to put in a second water source and the county was the only option and it cost about \$5.5 million to run the lines down from Coons Crossing to the Water plant. Secondly, DEC required work to be done at the upper reservoir and DOH wanted the City to increase capacity so they dredged the lower reservoir and that is about \$7.2 million dollars n work. He stated when they received the final audit a few weeks ago he noticed the fund balance went from a little over \$200,000 to around \$40,000. He went on to say that

fixing the infrastructure is a great idea but he said \$1 million dollars will fix a street, he added they have done a lot of infrastructure work but you need the funds to pay for it.

Tamar Martin stated it seems quick that a discussion about raising the water rate was discussed at the last meeting, two weeks later there is a public hearing and a vote.

Commissioner Seber stated the reason for that is it needs to be done by October 1st and although he knew the water fund was fragile, just like every Council did in the past but he didn't realize this needed to be done until he got the Auditor's report. He went on to say he originally thought they had a few more years before they needed to do anything but now if they don't do this by October 1st they can't charge the new fee on the May billing.

Tamar Martin stated this was an obvious problem that should have been addressed sooner.

Mayor Butler stated that they knew the City was losing water and over a year ago they brought in Rural Water and they could not find the water leaks. He added the water plant knew the City was losing water somewhere but Rural Water was here twice and didn't find anything but DPW found a four-inch pipe that was leaking on Central Avenue.

Tamar Martin suggested they put flow tubes into the waterlines using access points so that you don't tear up any of the City streets, to get to the waterlines and determine roughly what zones should be targeted.

Don Fletcher from Barton and Loguidice stated you could flow monitor in zones to determine the water flow in streets and areas.

Tamar Martin stated that maybe a worthwhile use of the funds to determine where the leaks are.

Mayor Butler asked how much that would cost.

Don Fletcher stated that is not cheap, you are talking tens of thousands of dollars.

Tamar Martin stated DPW is going to need more resources in the coming years and possibly engineering projects to address so that the water loss down.

Commissioner Seber stated they realized in the past there was a large water loss and they thought one of the reasons was because of the old meters, they got a grant to replace the meter throughout the City but he is not sure of how much of an affect it had on it. He went on to say they all agree the unused amount of water is significant. He added City buildings are not metered which he always thought they should be.

Marylou Kling of Newman Avenue stated it is disheartening to hear that this problem has been going on for so long. She went on to say that at the last City Council meeting they were spending City money that could have waited when they knew they had this deficit.

Commissioner Seber stated this is the water fund not the general fund and they are two separate things and they are comparing apples and oranges.

Marylou Kling asked how the water plant knows they are losing water, she went on to say the water comes in, they filter it, send it on its way, and it sounds like it is between them and us is where the water loss is occurring.

Don Fletcher stated the water loss takes into account many things, and 47% is an excessively high number and 12% would be really good in a system this old. He added a lot of buildings that are municipally owned, should be metered just not billed. He went on to say hydrant flushing happens several times a year and that is where that loss comes in. They are hoping that the work they did on the water filters would reduce some of that water loss. He added there are other factors like fires, hydrants, and leaks. He said that the Mayor is correct in saying the City has been diligent about having rural water clear, chasing leaks where they can, and when they have found them they have corrected them by fixing it.

Marylou Kling asked who would recommend flow monitoring to the Council.

Don Fletcher stated that would be rural water themselves, he stated he assumes someone from the Council called Rural Water stated there were leaks and usually they come out and tone it from valve to valve or valve to hydrant to see if something seems off.

Marylou Kling asked Don where Barton and Loguidice comes into play with this.

Don Fletcher stated they could do a full monitoring program; they identified the need to replace the meters.

Marylou Kling asked if the homeowners were charged for the meters.

Commissioner Seber stated they were not.

Marylou Kling asked if the City has a listing of any building that is not meter.

Commissioner Seber stated he is not aware of any buildings other than City buildings that are not metered.

Marylou Kling stated the whole point of raising the City water rate now is because the City is in a financial hole and this is the quickest way out.

Commissioner Seber stated it is because the water budget is in a financial hole.

Marylou Kling emphasized that the decrease from \$200,000 to \$40,000 was from the water fund budget and not the city fund budget and asked how much per year on average is transferred from the city fund balance to the water fund balance.

Commissioner Seber stated it is transferred from the budget and is approximately around \$150,000 to \$200,000.

Marylou Kling asked how much will need to be added without the water rate.

Commissioner Seber stated he does not know the exact number but it would have to be a considerable amount of money.

Marylou Kling asked what caused such a decrease in the fund balance and why this hasn't been caught before this.

Commissioner Seber stated the way the City is structured the Finance Department does not see bills until after they are done, and they can not say to a Commissioner you can not spend this money. He went on to say that in his office it is easy to live within his budget but there are so many variables when it comes to the water fund.

Marylou Kling stated that Commissioner Sgambati would know if money was coming out of the water budget and would be talking to Finance and they would be telling him you are depleting the fund.

Commissioner Seber said then what will he do at that point, not fix the water break? He went on to say the other only option would have been for rates to be raised incrementally, they have not been raised since 2016.

Marylou Kling stated they came to a public hearing about the rates going up and the fund balance went from \$200,000 to \$40,000 and asked why they can't answer it but have had the audit for three (3) weeks. She asked if the audit stated why it went down.

Commissioner Seber stated the audit addresses the numbers not why they went down.

Mayor Butler added the Central Avenue water break costs about \$100,000 and was not budgeted for and there have been three (3) breaks on Zachary Avenue that probably cost about \$60,000 which is also not budgeted for. He added the maintenance on the lines has been on a three-year average so for three (3) years what they spent they put in the budget for the next year plus a little for inflation. He went on to say they do not budget for this many breaks and he does not know how you could determine how many breaks there will be each year.

Marylou Kling went back and said they received the audit three (3) weeks ago and at the last Council meeting they spent City money knowing money was probably going to have to be taken from the general fund to cover it and she has an issue with that.

Mayor Butler asked if she thinks they should stop spending money.

Marylou Kling stated they are prioritizing things the wrong way. She went on to say the Council has already pushed higher inspection and code fees and now higher water rates.

Commissioner Seber explained that they are two (2) different budgets, and how they operate the general fund budget has nothing to do with what goes on in the water fund budget. He went on to say that he can assure her that the budget for next year that they are preparing right now, has nothing to do with what is happening to the water fund.

Marylou Kling asked what is the difference between taking \$150,000 out of the general fund budget to put in the water budget or putting \$500,000 into the water budget.

Commissioner Seber stated then everyone will have to pay more in taxes.

Marylou Kling stated if everyone's budget line for next year is lowered and no one is spending in excess that would allow more money to be added to the water fund.

Commissioner Seber stated there will always be additional expenses to the general fund budget.

Marylou Kling stated she is not saying not to raise the water rates but is saying this big jump is not necessary, they could have found other resources in city budget to push more money into the water fund or this could have started in 2016 and raised them incrementally. She added that personally for her as a homeowner going up \$10 every year is a lot better than then going up \$50 or \$100 in a year.

Commissioner Seber stated that based on what they are proposing is if you receive a minimum bill you are going to pay \$80 more a year which is about \$6.50 a month. He added he doesn't like doing this, he does not want to pay it, it is something they have to do to balance the budget.

Marylou Kling stated the problem is this has to be done so the public hearing is just for people to vent.

Tom Mahoney from the Express stated the water loss has gone from 19% to 47% and asked if next year will be any better or worse.

Mayor Butler stated he can ask Jim at the water plant if the numbers have changed since they fixed the leak on Central Avenue.

Kim Dunn of South Main Street stated she has a concern that nothing was mentioned at any previous Council meetings until the September meeting. She asked what the necessary upgrades and repairs were that cost \$7.2 million.

Commissioner Seber stated that getting the water from Coon's Crossing to the water plant and some additional work that was done in the water plant was about \$5.5 million. He added the work at the upper reservoir which was DEC required and dredging the lower reservoir was about \$1.7 million and \$2.8 million was received in grants from the Department of Health and there is 0% interest loan at 2.8 million for the water transmission line and a USDA loan that hasn't been finalized yet but will have a 2.8% for the dredging from the upper and lower reservoirs.

Kim Dunn stated the resolution talks about the secondary water source from Saratoga County which is a ten (10) year contract and the first year is obligated the City to pay for 50,000 gallons of water per day whether they used it or not, the second year 100,000 gallons, and the third year and forward 150,000 gallons of water per day. She went on to say at the last meeting Commissioner Seber stated the cost was about \$355 per day for 150,000 gallons of water which would be about \$129,157.50 a year.

Commissioner Seber stated right now we are paying \$3.37 and a half cents per 1000 gallons from the County and that is going up to \$3.41 and change next year which is probably \$700,000-\$800,000 a year.

Kim Dunn stated this has been going on for quite some time so this not a surprise to anyone.

Commissioner Seber stated every Council from 2016 to now has known this was coming.

Kim Dunn read the second paragraph of the resolution and stated the City did not lose the entire Town of Stillwater or the Town of Halfmoon. She stated she can understand having an emergency connection as a back up but she thinks the contract is a financial drain on the City and needs to be revisited.

Commissioner Seber stated he reached out to re-negotiate this contract because it is just a back-up water source and the County would not go for it.

Kim Dunn stated it is insane that we have a secondary water source that we pay on every year whether it is used or not. She asked what work is being done that is not covered under the grants.

Commissioner Seber stated there are two different funding sources, one of them is the \$5.5 million that brought the waterline down and necessary water plant work the other is the second funding source through USDA for the dam work on the upper reservoir, and the dredging of the lower reservoir. He added some of that will be paid with the COVID money for water infrastructure. He added there are some funds left over from the \$5.5 million that they are going to put into infrastructure work.

Don Fletcher gave a list of all the work that has been done in the last ten (10) years which is \$9 million total.

Kim Dunn stated what has been going on in the Finance Department in the past few years has been a detriment to the City. She went on to say an audit is done every year and they should have a public discussion of the audit each year. She went on to say that she is not saying the water rate should not go up but it was just so sudden. She asked Commissioner Seber how he came up with the water rate increase figures.

Commissioner Seber stated looking at the budget for next year and projecting ahead they needed to come up with a projected revenue and he informed everyone that in the next few years it will need to be raised again since there are no other revenue sources. He added the only other way

of doing it is cutting major expenses at the water plant that has three (3) employees that do a great job.

Kim Dunn asked why the high percentage of water loss was never discussed.

Mayor Butler stated they brought in outside firms to help try and find the water leaks.

Kim Dunn asked if they were aware of the 47% of water loss.

Don Fletcher stated the number will change year to year because it depends on the number of breaks, number of fires, and the flushing that happens. He went on to say when they had the water quality issues they were back washing the filters all the time so there was a spike then for non-revenue water, he stated he would not call it water loss. He added they improved the filters so they are back washing less.

Kim Dunn asked if the City would be increasing the rate in which they sell to Schaghticoke and the Rail Yard.

Commissioner Seber stated they need to sit down and talk with them about the contract they have he went on to say the Rail Yard is metered and they pay the outside rate.

Kim Dunn stated there are parts of certain employee salaries that get billed to the water department she asked if there is a legal reason why since that increases the expenses in that water budget.

Commissioner Seber stated in the Accounts Office, for example, there is work that is done relating to the water and sewer departments, he will look into it and get back to her with an answer.

Kim Dunn suggested that if it is not something that is mandatory they should cut those expenses from the water and sewer budgets as the revenue to those budgets is limited. She asked since the water fund, sewer fund, and general fund are all on their own separate budgets how would one see the last AUD which is submitted to the State Comptroller. Kim asked if the AUD has been submitted.

Commissioner Seber stated there have been questions that were asked so it has been back and forth to make the corrections.

Tom Mahoney went on to say that it wouldn't matter if we received all the water from the County or none of it, it would not affect these problems because they are inside the City limits. He also stated the tax payers are responsible for a \$4 million tax surplus in the fund balance.

Commissioner Seber stated it was about \$3 million.

Tom Mahoney asked if they thought there would be any steps to improve the water efficiency within a year why wouldn't they put in an extra \$250,000- \$300,000 for the one (1) year. He

added there is not point in having a surplus just for the sake of having it. He suggested they could split the difference have half come from what they are proposing and the other half come from the general fund.

Dave Hicks from First Avenue stated for the past forty (40) years there have been continuous water issues of some sort and it is the City's own fault for losing water revenues by selling contaminated water. He asked where all the extra money went when they were selling the water outside.

Commissioner Seber stated there was no extra money it was to balance the water budget. The budget was based on the total revenue between inside and outside sales.

Dave Hicks stated he can't understand why a budget would be based on outside sales when they could stop at any time and outside sales should have been an extra.

Commissioner Seber stated they were not an extra they were part of the revenue to balance the budget.

Dave Hicks asked how the water rated jumps so high when they know over a period of time they have to do something to the infrastructure. He added nothing has been done to the infrastructure and that is why they are here right now.

Commissioner Seber stated that was not true they have spent, \$9 million dollars on the infrastructure.

Dave Hicks asked what happened to all the valves that were supposed to be installed.

Mayor Butler stated they have been installed but do not operate appropriately. He added one of the things they want to do with the Tonko money is put in new valves.

Dave Hicks asked if the only way to tell which valves are not working is during a water break.

Commissioner Sgambati stated they are aware of most of the valves that are not operating correctly and the number one thing to do with this grant is to fix the valves. He went on to say if he had more manpower they could maintain the valves better.

Dave Hicks stated there are companies out there that would tap the lines. He asked how much the cost of the last break was.

Commissioner Sgambati stated he will let him know.

Dave Hicks stated it is not appropriate to add the rates for water that is not being provided as the water at his house is like pond water.

Mayor Butler stated he has no idea where he is getting that the City water is contaminated.

Ray Martin of Tallmadge Place asked Commissioner Sgambati what he thought about the water plant now and how he has thought about thing he would like to do going forward in a five-year plan.

Commissioner Sgambati stated he goes to the water plant all the time and the water coming out of there is clean so the problem is in the distribution. He added they need to get the valves to work.

Ray Martin asked Commissioner Sgambati if he knows how much pipe he would like to replace.

Commissioner Sgambati stated that is not something he could predict.

Ray Martin asked Commissioner Sgambati what kind of attention does he pay to the cost of running the water plant.

Commissioner Sgambati answered by saying he had someone bring water samples to the lab on Saturday and Sunday and both came back negative.

Ray Martin stated he is concerned with the lack of data provided. He asked if anyone could tell him the expenses from the water budget.

Commissioner Seber stated the salaries are the biggest expense but in the end if you have major problems that may exceed that.

Ray Martin stated if the Council listened to him in April and hired someone to do an audit then they would have known this in April instead of September. He went on to say he thinks this is too much of a rate hike too soon and they should do half this year and if needed do half next year.

Barb McGuire asked if there is a reason why they are not using the excessive fund balance the City has to offset this increase at this point.

Commissioner Seber stated there has been equipment requested during the budget process.

Barb McGuire stated there is over \$3 million dollars.

Commissioner Seber stated that it is not a good idea to use the entire fund balance.

Mayor Butler stated they are looking to repair the water breaks on Zachary Avenue which is over \$100,000.

Commissioner Seber stated that at this time they are in the middle of the budget preparation and it is hard to speculate exactly how much they will be needing in the end.

Barb McGuire asked how much should the City have in the fund balance to make the State comptroller happy.

Commissioner Seber stated they have not been criticized for it but, he does agree \$3 million in a \$6 million dollar budget it high but they have used several million dollars over the years to keep the tax rate down and for good reason the budgets have produced more fund balance.

Barb McGuire stated they take some of the fund balance and do half the increase.

Ray Martin suggested getting grants to do the work.

The Council decided to cut the rate in half, the new resolution is attached to the minutes.

Kim Dunn thanked the Council for listening to what the residents had to say.

Resolution:

Resolution 93-2023 Water Rate Increase

Moved by: Mayor Butler
Seconded by: Commissioner Sgambati

AYES: 4 NAYS: 0

Close Meeting: 7:59 P.M.

Moved by: Mayor Butler
Seconded by: Commissioner Sgambati

AYES: 4 NAYS: 0

RESOLUTION NO.: 93-2023

WHEREAS A PUBLIC HEARING WAS CONDUCTED ON SEPTEMBER 26, 2023 regarding the increase in the City of Mechanicville Water Rates;

NOW THEREFORE BE IT RESOLVED THAT THE MECHANICVILLE CITY COUNCIL approves the new water rates effective October 1, 2023. The new rates are as follows: Inside Minimum Rate \$131.67, Outside Minimum Rate \$236.28, Inside Rate \$3.99 per 100 cubic feet and Outside Rate \$7.16 per 100 cubic feet.

Introduced By: _____

Seconded By: _____

Mayor Butler _____

Commissioner Seber _____

Commissioner Sgambati _____

Commissioner Hosley _____

September 26, 2023