

MINUTES OF MEETING OF THE BOARD OF COMMISSIONERS
of
JERICHO WATER DISTRICT

held at the office of the District in Syosset, Nassau County, New York on the 9th day of September 2021 at 9:00 A.M.

Present:	Commissioners	Thomas A. Abbate James Asmus Patricia Beckerle
	Superintendent	Peter F. Logan
	Business Manager	Kathleen Cannon
	Asst. Business Manager	Amanda Blum
	Accounting Consultant	Jill Lemke- Gunzel, CPA

At 9:00 A.M., Commissioner Abbate opened the public hearing to hear and consider comments on the District's 2022 Proposed Revenue and Expenditure Budget and the 2022 Five Year Capital Plan. Miss Cannon reported that the proposed 2022 Budget was made available for public review at the District office pursuant to public notice placed in the Oyster Bay Guardian on August 13, 2021. It was further noted that the hearing notice was placed on the District's website and the District's own sign board located just outside the main gate.

The Board of Commissioners proposed an \$16,412,429 budget for the year 2022. The proposed budget represents a 13.14% increase over the 2021 Adopted Budget. Miss Cannon presented a detailed budget to the Commissioners and reported that the increase in expenditures was mainly due to; increases in employee salaries due to negotiated raises, liability insurance, electric costs, chemicals, carbon replacement, lab testing, safety supplies and cleaning service related to Covid-19, health insurance, debt service costs, employee accrual payouts, as well as an increase cost to maintain and improve the District's infrastructure. The 2022 Budget includes a 27.57% increase in the tax levy which equates to an annual increase of \$38.66 for the average home with an assessed value of \$968,000 and a taxable value of 632.

At 9:10 A.M., Commissioner Abbate noted that there were no speakers and closed the hearing.

Discussion was then held regarding the need for the District to override the Tax Levy Limit. The proposed 2022 Budget will require the District to override the Tax Levy Limit applicable to the District pursuant to the Tax Levy Limit Law. After discussion, the following Resolution was offered:

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE JERICHO WATER DISTRICT AUTHORIZING THE OVERRIDE OF THE TAX LEVY LIMIT FOR THE 2022 FISCAL YEAR.

WHEREAS, New York State Town Law § 215 subd. 9-a requires the Jericho Water District ("District") to prepare an estimated budget for its fiscal year commencing January 1, 2021, conduct a public meeting thereon and file such estimated budget with the Budget Officer for the Town of Oyster Bay; and

WHEREAS, the District is subject to the property tax levy restrictions imposed upon local governments pursuant to General Municipal Law §3-c (the "Tax Levy Limit Law"); and

WHEREAS, the Board has prepared an estimated budget for the District's 2022 fiscal year and conducted a public meeting with respect thereto on September 9th, 2021; and

WHEREAS, the Board, in preparing its estimated budget and conducting its public meeting, has determined that the best interests of the District, its residents and its tax payers will be served by approving for filing with the Budget Officer of the Town of Oyster Bay, a budget for the fiscal year commencing January 1, 2022 that includes a tax levy that exceeds the limits of the Tax Levy Limit Law in order to enable the District to perform its functions and satisfy its statutory mandate to provide service to its residents in a responsible, safe and cost-effective manner; and

WHEREAS, the Board makes such determinations based upon unavoidable cost increases that must be borne by the Water District and its taxpayers, including: debt service on a bond financing for Water District capital improvement and repairs; the Water District must satisfy contractual obligations for salary increases, increased health insurance costs for employees, anticipated increases in amounts to be paid to vendors and suppliers, debt service and unfunded mandates imposed upon Water District by State of New York, and subdivisions, agencies and instrumentalities thereof;

WHEREAS, the District is mandated by law to comply with all Federal, State and Nassau County regulations and directives with respect to providing the purest quality potable water to its residents for personal consumption and firefighting purposes; and

NOW THEREFORE, the Board unanimously resolves to override the Tax Levy Limit applicable and pursuant to the Tax Levy Limit Law and hereby approves for filing with the Budget Officer for the Town of Oyster Bay the Operating Budget for the Jericho Water District for the fiscal year commencing January 1, 2022, and the Five-Year Capital Plan.

VOTE AYES: NOES: ABSENTIONS:

Commissioner Abbate
Commissioner Asmus
Commissioner Beckerle

Discussion was then held regarding the District's rates for water usage for both inside District and outside District water rates. Miss Cannon reported that the 2022 Proposed Budget includes increasing water rates approximately 6.2% for all inside District tiers and outside District tiers. The rate increases are based on the recommendation of Municipal & Financial Services Group after they completed a water/tax rate study for the District.

Additionally, a discussion was held in regard to the water rates for non-domestic services. Through the years, it has been the policy of the Commissioners of the District to keep the rates of the first two rate tiers (0-10,000 gallons and 10,001 to 30,000 gallons) lower, as these tiers encompass basic and necessary domestic water usage. The rates for the District's third and fourth tiers (30,001-100,000 gallons and 100,000+ gallons) are set higher as a conservation measure, so that consumers are aware of their usage and use water responsibly when irrigating. The 2022 Proposed Budget includes starting non-domestic services at the third-rate tier (10,001-100,000 gallons) since these accounts do not utilize the service for domestic use. After discussion, and upon motion duly made and seconded, it was

RESOLVED that, effective April 1, 2022, Sec. 3-B, Rates, under Article III entitled Deposits, Rates and Charges appearing in the Rules and Regulations heretofore enacted by this District be amended and set/adopted as follows:

Section 3-B Rates
Jericho Water District Water Rates as of April 1, 2022

\$12.00 Minimum per quarter	
0 to 10,000 gallons	\$1.20 per 1,000
10,001 to 30,000 gallons	\$1.26 per 1,000
30,001 to 100,000 gallons	\$2.40 per 1,000
Over 100,000 gallons	\$3.18 per 1,000

Non-Domestic Services	
\$12.00 Minimum per quarter	
0 to 10,000 gallons	\$1.20 per 1,000
10,001 to 100,000 gallons	\$2.40 per 1,000
Over 100,000 gallons	\$3.18 per 1,000

Water supplied outside the boundary of the District:

\$15.60 Minimum per quarter	
0 to 10,000 gallons	\$1.56 per 1,000
10,001 to 30,000 gallons	\$1.64 per 1,000
30,001 to 100,000 gallons	\$3.12 per 1,000
Over 100,000 gallons	\$4.13 per 1,000

Non-Domestic Services	
\$15.60 Minimum per quarter	
0 to 10,000 gallons	\$1.56 per 1,000
10,001 to 100,000 gallons	\$3.12 per 1,000
Over 100,000 gallons	\$4.13 per 1,000

VOTE AYES: 3 NOES: 0 ABSENTIONS: 0

Commissioner Abbate AYE
 Commissioner Asmus AYE
 Commissioner Beckerle AYE

Miss Cannon then reported that Municipal & Financial Services Group, as part of their water/tax rate study, also recommended the District increase annual fire line charges effective January 1, 2022, as follows:

<u>Connection Size</u>	<u>Current</u>	<u>Proposed</u>
Up to 2" diameter	\$ 37.00	\$ 40.00
3" diameter	\$ 51.00	\$ 56.00
4" diameter	\$103.00	\$114.00
6" diameter	\$303.00	\$333.00
8" diameter & larger	\$605.00	\$666.00

After discussion and upon motion duly made and seconded, it was

RESOLVED, that effective January 1, 2022, the Board of Commissioners set rates for annual fire line demand charges as follows:

<u>Connection Size</u>	<u>Rate</u>
Up to 2" diameter	\$ 40.00
3" diameter	\$ 56.00
4" diameter	\$114.00
6" diameter	\$333.00
8" diameter & larger	\$666.00

VOTE AYES: 3 NOES: 0 ABSENTIONS: 0

Commissioner Abbate AYE
 Commissioner Asmus AYE
 Commissioner Beckerle AYE

Mr. Logan notified the Commissioners of an additional Change Modification for Contract No. C5-20, Well 17 GAC System for a privacy screening of Leyland Cypress Trees to cover the GAC units. Once Mr. Logan has received the official change order, he will present it to the Commissioners for their review and approval.

Mr. Logan notified the Commissioners that he is anticipating a change modification for Contract No. 11-20, Water Main Installation, Woodbury Villas due to the developer needing to install an additional 160 ft. of pipe, as well as an amendment to H2M's proposal for inspection services on the project. Both change modifications will be funded by the developer. Mr. Logan will present the official modifications to the Commissioners once they are received.

Mr. Logan informed the Commissioners that Contract No. 12-21, The Center for Developmental Disabilities has been delayed due to the inability to get ductile iron pipe for the project.

Miss Cannon reported that the Bank Reconciliations for the month of August 2021 were completed. After discussion, the Commissioners ordered the Bank Reconciliations filed.

Miss Cannon informed the Commissioners that the homeowner of 77 McCouns Lane, Brookville was scheduled to meet at Attorney Ingham's Office to deliver General Releases for JWD and Bancker Construction Corp. and to pick up the reimbursement check for the repairs to his electrical lines.

Miss Cannon informed the Commissioners that a Preliminary 2021-2022 Tax roll has been completed and there are several accounts with very minimal balances, (less than \$1.00), that are delinquent. Miss Cannon requested the Commissioners write off these balances in the total amount of \$5.61 in order to zero out these accounts in lieu of placing them on the Tax Roll. After discussion and upon motion duly made and seconded, it was

RESOLVED that the Commissioners authorized the District to write off consumer balances of less than \$1.00 in order to zero out consumer accounts with minimal balances in lieu of placing them on the Tax Roll.

VOTE AYES: 3 NOES: 0 ABSENTIONS: 0

Commissioner Abbate AYE
 Commissioner Asmus AYE

Commissioner Beckerle AYE

The Commissioners then welcomed Ms. Jill Lemke-Gunzel, CPA, Managing Member of JKL Municipal Accounting Solutions LLC to give a presentation on the Jericho Water District's Debt Service Planning and Strategy, as summarized below:

Over the last two and a half months, Ms. Lemke-Gunzel worked with Miss Cannon and Ms. Blum to review the debt service for the upcoming 2022 budget and develop a plan and strategy to pay-off future debt service (that is short-term debt). In the last few years, the Town of Oyster Bay has changed their position on serializing short-term debt or BANs for the water districts. In the past, the Town would typically carry BANs for a maximum of two to three years before converting them into long-term debt or Serial Bonds. Currently, the Town, as permitted under State Law, allows water districts to utilize BANs in place of bonds, potentially spanning the course of forty years. This change in philosophy gives the District much more decision-making ability in the debt process. In the current market, the advantages of short-term debt include low interest rates and high premiums and gives the District flexibility in the payment of principal (especially in the event the District receives grant funding or legal settlements). As the market changes and interest rates increase, short term debt may not be as advantageous for the District as converting to serial bonds and locking in a low interest rate for the duration of the debt.

Ms. Lemke-Gunzel prepared an amortization model and analyzed financing BANS with a long-term debt philosophy using an estimated interest rate of 2.5% for all existing and future anticipated debt included in the 2022 Five Year Capital Plan over a 25-, 30- and 40-year period. The savings in interest between paying back the debt using the maximum financing period versus 25 or 30 years would be approximately \$32.3 million and \$21.9 million, retrospectively. Currently, most District projects have a useful life of forty years or more and therefore the bond authorization is for a forty-year period. However, in consulting with the District's Engineer, William Merklin of D&B Architects and Engineers, Mr. Merklin explained that while the useful lives of these assets could be between 40 to 100 years, most projects would require substantial maintenance and rehabilitations within 25 to 30 years. Based on this and the future impact on the annual budget and tax rates, planning to amortize debt over a 30-year period is the most advantageous option for the District.

The Town of Oyster Bay currently uses a straight-line amortization of short-term debt. This results in more principal paid in the initial years and less as the debt nears maturity than projecting as long-term debt. Using the straight-line amortization over a thirty-year period could potentially save the District an additional \$7.2 million over the long-term. The Commissioners elected to follow this hybrid method at their meeting on September 1st, 2021.

Miss Cannon then explained that the District's highest debt service payment year is anticipated to be in 2027, with a payment of 9.5 million (which includes all current and future Bonds and BANs). She recommended a tax increase for 2022 of 27.57%, 2023 of 25%, 2024 of 20%, and 2025 of 15% in order to meet the debt service leading up to the peak, however, in order to minimize the impact on the taxpayer, the District plans on layering in designated fund balance for debt service as a revenue source starting in 2027. The District established this fund in 2011 in anticipation of Debt Service payments escalating.

Ms. Blum presented to the Commissioners a chart that compared the District's 2021 and 2022 average tax bill, (based on average home within the District, with an assessed value of \$968,000 and taxable value of 632), to the average tax bill of surrounding water districts. The chart showed that JWD has the lowest average bill in 2021 and 2022. In fact, the proposed tax increases through 2025 would result in an average tax bill of \$309.19, still lower than most of the surrounding district's 2021 average tax bill.

After discussion, the Commissioners thanked Ms. Jill Gunzel-Lemke for her thorough presentation, for assisting the District come up with this plan to utilize in future budgets.

The following claims were then audited and approved for payment: General Fund #25751 to #25759, Construction Fund #2569 to #2570, and Installation Fund #4138.

There being no further business, the meeting was, upon motion duly made and seconded, adjourned.


Secretary