

MINUTES OF THE MEETING OF THE TOWN BOARD
TOWN OF RICHLAND
1 BRIDGE STREET, PULASKI, NY

DATE: October 25,2022

KIND OF MEETING: Special Town Board Meeting "Budget Workshop"

PLACE: Grand Jury Room of the H. Douglas Barclay Courthouse Pulaski, NY

BOARD MEMBERS PRESENT: Supervisor Kern Yerdon
Councilwoman Donna Gilson
Councilman Allen Goodsell
Councilwoman Sue Haynes (left at 12:28)
Councilman Robert North

OTHERS IN ATTENDANCE: Village Resident Carl Falk Highway Superintendent, John Fox, Supervisor Clerk, Tammie Whaley and Town Clerk Millie Newcomb.

CALL TO ORDER: The meeting was called to order at 10:05 a.m. with Supervisor Yerdon leading in the Pledge of Allegiance.

PUBLIC COMMENT: Village resident Carl Falk asked the Board why the Board has been holding meetings in the day time when residents that are working cannot come to the meetings. Supervisor Yerdon said that the regular monthly meetings are at 6:00 pm for Town residents who do have a chance to attend. These meetings seem to work into the schedule of Board members, but the Board will consider holding them in the evening hours so residents can attend.

This meeting was supposed to be a joint meeting with the Town of Sandy Creek but since they canceled, Supervisor Yerdon decided to go ahead and hold the meeting with the Town of Richland Board to go over a few things. The Board has the Snow Contract with the County to discuss. At the moment, the only thing that Supervisor Yerdon sees is that they have agreed to pay the Town by the mile and they raised it to \$9,000 per mile to plow the county roads. It's a one year contract from October 1, 2022 through May 30, 2023. Superintendent Fox advised the Board that after looking at the contract that it looks good to him and he recommended the Town of Richland Town Board to accept the contract. Councilman North asked if the Highway

has to go out and plow 10 times per day, it's still \$9,000 per mile. Per Mr. Fox the \$9,000 is still the same. We have lucked out over the last few years and with the fuel costs and labor costs you always try to get more money from the county, they came back with an offer and the Towns all stuck to their offer. Lets just hope for a mild winter. Next year they will start earlier negotiations and with the Town Supervisors involved we will see what happens. Councilman Goodsell asked if the Town is covered by insurance? Superintendent Fox advised that the Town has to submit a copy of the insurance every year. ***With the recommendation from the Highway Superintendent to accept the Snow Agreement, a motion was made by Councilwoman Gilson and seconded by Councilwoman Haynes. The County of Oswego adopted this agreement on October 13, 2022. In a roll call vote, all were in favor with a vote of "AYE".***

Next, is the retiree insurance. Supervisor Clerk Tammie Whaley explained to the Board that the Town was approached by the Towns Insurance agent ENV. We have someone aging out to 65 so they come off the regular insurance and go onto the retiree insurance. The one that the Town has now is no longer accepting new clients. So with that there is another supplement that is the same but better with some prescription plans, so Councilwoman Gilson Supervisor Yerdon and Mrs. Whaley met with Insurance Rep Sheree D'Agostino. The current plan is \$282.25 if we switch to the G plan, that is compatible, the cost will go down per person each month. There is a one time deductible to \$233 that we would have to pay up front ,but it will save the Town money. There are new prescription plans that can be based on the medicine that you need. Sheree has been trying to meet with all the retirees now , so basically no change but will save the town money. It's not saving thousands of dollars but it is saving the town money. Supervisor Clerk Whaley would like the Boards approval to go ahead with the switch. ***With no other discussion, a motion to move the retirees insurance to the new plan was made by Councilwoman Haynes and seconded by Councilwoman Gilson. In a roll call vote, all were in favor with a vote of "AYE".***

Next is Budget Workshop. The Board turned the discussion over to Budget Officer Tammie Whaley and Financial Consultant Laird Petrie. From where the Board left off, we still have wages and salaries left. Most are done. The last one is the Water Supervisor. It's up to the Board where it goes from here. After a lengthy discussion, ***a motion to take the Water Supervisors wage from hourly to salary was made by Councilwoman Haynes and seconded by Councilman Goodsell. In a roll call vote, Councilman North voted "NAY" and the rest of the Board voted "AYE". The motion passed 4-1*** More discussion about what the salary should be went on for more than 1 hour. After such time, ***a motion was made to offer the Water Supervisor the salary of full time at \$50,000 and include vision and dental insurance. This motion was made by Councilwoman Gilson and seconded by Councilwoman Haynes. The vote was as follows: Haynes, "AYE", Gilson, "AYE", Goodsell, "NAY", North, "NAY", and Yerdon , "NAY".*** Councilman North explained that while he knows that the Water Supervisors role is important, he doesn't feel it's fair to the personnel that have been with the Town for many years do not get this kind of a raise especially since the Water Supervisor hasn't been here 1 year. Again the discussion

went on. Consultant Laird Petrie explained to the board, to get a year under the belt with the new water rates and reserves to see where the Town stands, and Budget Officer Tammie Whaley added to keep the spending under control and stick to a budget. The job should be paid for the position, not what they can or cannot make. After another lengthy discussion, Supervisor Yerdon called for another vote, although he knew that the offer of full time status, salary of \$50,000, with dental and vision insurance, wasn't what the Water Supervisor was looking for. ***Another motion was made by Councilwoman Gilson and seconded by Councilwoman Haynes to make the salary for the Water Supervisor \$50,000 and include Dental and Vision. The vote was as follows: Haynes, "AYE", Gilson "AYE", Goodsell, "NAY", North, "NAY" and Yerdon "AYE". Supervisor Yerdon told the board that he voted yes not because he wanted to but Mr. Novak can make a choice. The motion passed with the majority voting "AYE".***

Laird Petrie took over at this point to discuss the budget. Right now this is the difference over last year's budget to this year for each fund. An increase of \$138,000 in the General Fund, a lot of that is because the General Fund is sending \$100,000 over to DA to help reduce the taxes in DA. DA is only increasing a little over \$3000 over last year but the part time is being reduced over \$6000. So in aggregate, in highway total, there is about \$2000 less in taxes than in the previous year. Clerk Tammie Whaley is a little concerned about the street lighting. Water District 1 has been reduced quite a bit, Water District 2 has been reduced. Water Districts 3&5 are a little bit higher because they are not getting quite as much of an advantage of the additional water rates because they don't have that many gallons consumed but after 1 year we should see that get reduced and eventually the goal should be that the EDU's only take care of the debt the capital cost of each district. We are not going to get there all in one year. WE have to have 1 good year under our belt with these new revenues to see if they are going to be sufficient, but the goal should be to get the EDU's reduced. At the meeting with Sandy Creek, Mr Petrie didn't understand what Sandy Creek was getting at when they said that you should use EDU's to also fund operation and maintenance. There is broad authority in the law that says you can fund that entire district with EDU's if you want to then let the people that use more water get by and people that use hardly any water get punished. That's not how it should go. WATER and sewer districts should be somewhat self-sufficient. Everyone in that district is being benefited by the fact that water comes by. That is the whole benefit basis. Whether they hook up or not. They benefited, raising the value of the property and the property benefited because water is available. If they want to sell they will get more because water is available. Should they participate in the operation and maintenance of all that system if they are not consuming that water at all? Most boards say no. We should be financing operation and maintenance costs with realistic user fees and let the edu's take care of the capital costs, because when the debt goes away, the EDU's should go away. There are a lot of Water and sewer districts across the state that have no real property tax or EDUs fees. They have funded it completely. A town asked a legal opinion if you could fund an entire water district with just water rates? And not even have capital costs? The legal opinion was yes. You can take care of debt and everything else with water rates. Do you want to do that ? probably not but you could. So if you have

broad authority you could fund the whole thing with just EDUs or fund the whole thing with water rates or whatever. Or you should be thinking of something in between where the people that are being benefited should be contributing something but they should not be contributing to every time they consume more water their EDUs go up. Because they are not hooked on, He can only speak, Mr Petrie is not part of the Towns water, but if he was one of the Taxpayers and the Town was funding my water rates based upon the fact that he is one edu and not hooked on, he would probably at the Town Meetings screaming. It's up to the board what blend of EDUs Vs water rates. The recommended method over the years when they did audits, was that boards try to make their operations of water and sewer be self sufficient. You should stay at realistic rates so people that use more water pay more than people that use less water.. It's supposed to be like that in whatever you do in government. So things in government you can't attach a user fee to, but when you can you should. For Sandy Creek to think that they should pay the same as or less than a Richland resident is ridiculous but they feel that way because they have gotten by paying less than they should have. It's up to the Town how they finance the water. Mrs. Whaley said it is more fair that people that are using the water pay usage rates and people that don't want water don't, therefore its not affecting people that don't want it. Once the debt is paid off. When the debt is there you have nothing but those residents, it increases the value of their property by having water available. This is why you call it a benefit assessment. You establish a water district in one of two ways. Either on a benefit basis using EDU's or Advaloriem where the cost of debt is based on the assessed value of your home opposed to whether you have 1 EDU or 2 EDU. By default, when a water district is formed, by default, its on an advaloriem basis, unless the Town Board upon there motion or if you get petitioned by people, if the notice of public hearing or petitioned establishing that district, specifies a benefit that its a benefit but if it didn't then by default its an advaloriem. Mr. Petrie can only assume because he didn't see the legislation for establishing the district but he is assuming it was formed for the benefit because the Town has been using the EDU's all along. Sewers always have to be on a benefit basis. But water can go either way. As the debt gets paid off, the debt is what drives the EDU cost, that and the number of EDU's . The debt is about the same principal payments typically, and then you divide that with the number of EDU's that come on each year in each district and that changes it. What's been happening here is that you had the debt but all of these other expenses that were not being financed sufficiently through water rates got added then you divided the EDU's into that and that's what came up with the EDU charge. I think what i'm hearing from this board is that you would like to get to the point where just the debt is taken care of by EDU's When districts first start, they don't have any revenue source and in many times you have already missed opportunity, you don't have a district so you can't tax people so what most places do is they issue tax anticipation notes for the first year. So with this you have money to operate the district and then the next budget year they have to put that money in to pay that tax anticipation note. The other way is an interfund loan. They can borrow from the General or Highway Fund to get the district going and operate the first year and then create a tax to repay the interfund loan. These are the only 2 ways that a district can operate its first year. When district #1 was started, the residents were paying a good

year before anyone had water. That money went into starting the project. The County did the same thing for 911. Everyone paid on it until it started. Councilwoman Gilson tried to explain it to someone in Sandy Creek at the meeting. Laird explained that you need to separate the part of Town Law that gives you the ability to establish a district either on a benefit or alvolorium basis. But then you also have to look at Town Law 198 that gives the Town Board the ability to set water rates. The rates can be to fund totally the operations including debt or it can be used to fund operation and maintenance or any blend of that, so you really can't look at the 2 laws independent of each other you have to look at them together. That is what this opinion is saying. You can fund the whole operation with water rates and you would never have an EDU charge. You could set water rates enough to take care of all these expenditures if the Board wanted to. And what that is, is your not being fair to the people that are hooked on and the people that aren't are benefiting because their property is benefited, but they are not paying anything at that point. That's why most Town Boards that Laird has seen have had a blend of EDUs to take care of capital and rates to take care of operations. This allows people that use more water to pay more as it should be. At budget time you are trying to fund projected expenditures, you're not trying to be like a Village. A Village has the ability to generate a profit from their water system then they can send money from the Water Fund to the General Fund. They have the same tax base. The Town is not. A town Water District is different from taxpayers. You can't generate a profit off of taxes from a small group of people and send it over everyone Town Wide. Village and Town Water operations are completely different. They can generate a profit. Many Town residents will see a reduction in the EDU. They won't see that, they will only see their water bill be higher. As the town gets more years under their belt, and get a better handle on what the revenues will be, you will see those EDU's shrink and maybe raise the rates more and make EDUs less. Time will tell. This all depends on how many people in the district aren't hooked up. At the moment, Water District 5 shows about \$78,000 worth of debt expenditures they are responsible for. Ideally, you would like to have their EDUs around \$78,000. Right now they are at about \$105,000. Mr. Petrie thinks that the Town should start to see that shrink because like some of the other districts that have more water being pumped, they are getting the benefit of those additional revenues. As Water District 5 comes on more and gets more water revenues coming in, the need for EDU's are going to come down. Water District #3 currently is showing \$200,000 of EDU money and the debt is \$185,000. They are within \$5000-\$6000 of where they should be at that point. Every district will get there eventually and that is where you want to keep it. The EDU rates per edu will change as edu's come on. The debt should drive that. Anything related to debt is a capital improvement of some type that someone has benefited from. They should be very close to what their edu's are. And if the Town had been doing this years ago, your edu's would be a lot less but the water rates would have been higher in order to pay the bills. Right now the Town is under the NY State tax cap. Things have gone up especially with the cost of fuel. The tax cap allows the town this year, an increase of \$104,000 from the tax cap from the previous year which is 4.48% increase. There is a formula that derives from that. Last year the Town could raise it legally without an override, \$2,428,000, this year it's \$2,343,000 which is a \$104,000 increase. If you

stay under, last year the Town left over \$40,000 on the table. We did not take the full tax cap. But this comes over in the next year in the formula. Same thing will happen if the Town doesn't use the full tax cap. It will come back to the Town in the formula in the carryover. Everything depends on the inflation rate. Supervisor Clerk Tammie Whaley told the board that she has gone back and did some figuring when she closes out the months and in Water District #2 There is \$8000 as an expenditure and we are using a \$1000 fund balance. She feels like the expenditures are going to be at a minimum of \$9000 if National Grid keeps going up. The fund SL2 the Richland Light District. She would like to raise it to a minimum of \$9000. She is worried about the light district going into the negative. Superintendent Fox would like to know if the Town has saved any money since switching over to the LED Bulbs. The Town received a grant and he was just curious if anything was ever compared to then and now. Since the increase with National Grid they thought it would be hard to tell. With Superintendent John Fox here it would be a good opportunity to have a conversation about whether you want to use any existing capital reserve money that is in the DA fund. He has one line item for equipment budgeted \$50,000. Mr Petrie isn't sure what piece of equipment Mr Fox has earmarked for this money. At the end of 2021, Superintendent Fox had \$85,000 in the capital reserve. Mr Petrie wasn't sure if that got added into 2022. According to Mrs Whaley the money is in the DA fund for machinery. They still have been earmarking money into the reserve for that. Laird has a line item in the DA line to raise money to put into reserve, then on the appropriate side, we are appropriated reserve money the DA511. Rather than raise taxes to fund that \$50,000 purchase, could we use a portion of the existing reserve money at that point to fund that. Every year we should have the conversation as to what we want to build. It's one thing to replenish it by putting \$25,000 to replenish that reserve or you could fund the whole \$50,000 purchase if you for instance. Mr Petrie is thinking that this must be established for Highway Equipment. Land purchase or lease, that would be a General fund expense. That DA reserve that has \$85,000 in it is to be used only for highway equipment only. At the end of 2021 the Town had \$254,000 in Capital reserve and had repair reserve for the Haldane Park for \$35,000. The Board can have discussion about those , but Mr Fox's or the Highway DA fund can be used at the recommendation of the Highway Superintendent each year at budget time, if you have reserves, it's a judgment call. He could use his judgment as to where the money goes. In addition to the \$85,000 that is already in the DA reserve, this year's budget as it is right now, Laird and Tammie put in another \$25,000 figure and still in aggregate, the taxes are still down. Mostly because they took \$100,000 from the General Fund which has a higher fund balance and brought it over as an interfund revenue. You can't do this every year but right now. That is why the General fund taxes have gone up a little bit. It's the same tax base, it's the same people paying for it, we are just paying for it. Supervisor Yerdon would like to know how they are going to set up the account for the lease of land for sand. That is the annual amount. You don't use reserves for that. MR. Yerdon told Mr Petrie that the owner of the land where the sand is, that the Town hasn't met with the owners or spoke about the amount per yard the Town was going to pay. You will have to budget that annually. If the Town is going to purchase land or make a capital improvement on something the Town already owns. The Town could use money from Capital

Reserves to purchase land that the Town is interested in. Annual expenses like lease payments and things like that, that is part of the annual budget. If the Town decides to purchase the land in 2023, and it was \$50,000 and you have \$250,000 in a reserve right now, you can put a line item in your budget for purchase of real estate, for \$50,000. On the financing side of it, you would have appropriated reserves of \$50,000. So know you have covered the expense without raising taxes. If you just put that line item in, for the purchase and you didn't use reserves for the financing source, the end result would be your taxes would be \$50,000 higher than they needed to be. Clerk Whaley suggested that the Town do that now. So under the A fund, #511 you would put the \$50,000 in there and then put it in the line item for the purchase A5132.2. Laird will check on that. The ARPA money is a wash. It's not going to increase taxes because that cash is already sitting in an account. It hasn't been claimed as a revenue yet. This needs to be done. It will be put in the General Fund then transferred to Capital Projects for x amount and that water fund you would bring in the interfund revenue. The amount that is earmarked for water is \$150,000 and \$78,000 for the Park Project in Richland. Another workshop is to be scheduled for November 1st at 11:00 am. Before the meeting adjourned, there was discussion to set the salaries for the elected officials for the Town of Richland. They are as follows,

Town Supervisor	\$21,296.60
Councilpeople x 4	\$ 5211.68 (20,846.72)
Town Clerk/Registrar/Tax Collector	\$55,888.67
Highway Superintendent	to be determined

There was a long discussion about the Highway Superintendents wages since he no longer is the Water Supervisor. Mr. Fox had agreed to freeze his wages when he gave up the Water Supervisors position. The Board decided not to take away the salary if he agreed to a freeze for 3 yrs. The decision was tabled until the meeting on November 1st. The next workshop the discussion will be about building reserves uses and building reserves in. That is the only thing that is left to discuss. Laird will build in a line item to purchase the land on Centerville Road and build it on the revenue side of it and how the town will use the reserve money. He can build it in and transfer it to Capital projects for the ARPA monies if the board thinks they will use it. Clerk Whaley told Laird that that money has already been earmarked and the Board has already voted on it. The ARPA money will be moved to the Capital Project fund and used over there. There will be interfund revenues in each of the capital project funds, which is not part of the budget, but the transfer out is. It will increase revenues in the General Fund then put the transfer into the Capital Project Fund as an expenditure. It's a wash but then your budgets are set and they don't have to be amended later in the year to do those projects. ***With nothing more to bring before the Board, a motion to adjourn was made by Councilman Goodsell and seconded by Councilman North. In a roll call vote, all were in favor with a vote of "AYE".***

NEXT TOWN BOARD MEETING: November 8, 2022 at 6:00pm

MEETING ADJOURNED: 12:43pm

Respectfully submitted by

Millie Newcomb
Town Clerk