**MINUTES OF THE MEETING OF THE TOWN BOARD**

TOWN OF SANDY CREEK
1992 HARWOOD DRIVE, PO BOX 52

SANDY CREEK, NEW YORK 13145-0052

**Date:** October 21, 2022

**Kind of Meeting:** Joint Special Meeting with the Town of Richland

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

**Sandy Creek Councilmen Present:** Timothy D. Ridgeway  **Others Present:**

 Ruth E. Scheppard Michael C. Kastler

 Nola J. Gove Tammy L. Miller

 Dave Warner Dustin Clark

 John W. Wood, Jr. Brett McVoy

 Brittany M. Washburn

**Richland Councilmen Present**: Kern Yerdon Eric Pappa

 Allen Goodsell Ron Novak

 Sue Haynes Jill Mattison

 Robert North Marie Yerdon

 Donna Gilson Laird Petrie

John Shook

 Debi Aurelio

 Mike & Sue Fahey

 Cheryl Yerdon

 Ron Fisher

 Chuck & Diana Thousand

 Clare Pawlewitz

 Patrick & Robin Brown

 Teresa Stowell Hollis

 Michelle Hughes

 Ron Archibee

 Norma Newman

Town of Richland Supervisor Kern Yerdon opened the special joint meeting at 10:01 am. The subject of the meeting was the water rate that the Town of Richland proposes to charge the Town of Sandy Creek. He announced that public comments would not be allowed because the meeting was informational only. Questions can be directed to the Town of Richland before their next meeting on November 8th. He announced that the water building on Co Rt 41 was vandalized sometime between last night and this morning. Laird Petrie has been hired as a consultant for the Town of Richland. He worked for 33 years in the Syracuse office of the NYS Comptroller and is now retired. Ron Novak is a former engineer with the NYS DEC and has been hired as Water Supervisor for the Town of Richland. Both have helped develop Richland’s water rates and budget for 2023. Mr. Yerdon took over as Town Supervisor on July 1st after Supervisor Krupke resigned. He was Supervisor Krupke’s Deputy.

Supervisor Yerdon turned the meeting over to Mr. Petrie. He began by stating that the Town of Richland has determined that their water rates are too low. The districts are being financed by EDUs and that isn’t the way special districts are supposed to work. In town special districts such as water or sewer, only the debt service should be charged in the EDU on the tax bill. He believes all operation and maintenance charges should be financed through user costs. He stated that the Town of Richland’s actual non-debt water expenditures for 2019 through 2021 are shown on the table on the projector. Water users in the Town of Richland saw their rate rise from $2.50 to $3.80 per thousand gallons of water on the October billing. Outside users should be paying a rate of 1.5 times higher according to Mr. Petrie. Mr. Petrie stated that he is not knowledgeable of water operations and that he is just a numbers guy. He stated that he doesn’t know if past expenditures have been necessary or cost efficient. Councilman Gove stated that the employee medical and dental expenses appear extremely high for two employees. Councilmen Scheppard and Warner also asked questions. Mr. Petrie explained that when highway employees work in the water department, their wages and benefits are charged to the water budget. Tammie Whaley, Clerk to the Supervisor for the Town of Richland, spoke about employee health benefits. Richland officials also explained that they need to establish reserve funds to replace water equipment.

Town of Sandy Creek Supervisor Tim Ridgeway asked for Water Superintendent Mike Kastler to speak. Mr. Kastler began by saying that clarification is needed regarding the O&M costs only being charged to water users. He believes every district resident should be paying their fair share of O&M in their water district. He compared this to school district residents paying school taxes even if they do not have children attending school. Councilman Gove agreed that this is a perfect example of how districts work in NYS. Mr. Kastler noted that we were told several weeks ago the total cost per thousand gallons of water was $3.80 and today the cost is up to $4.95. He questioned why Town of Sandy Creek users need to pay operation and maintenance costs for the entire Town of Richland water operation when Sandy Creek users only use the Schoeller well fields and should not be paying costs at the Fernwood site. The Town of Sandy Creek pays the Town of Richland for every drop of water that is used in the Town of Sandy Creek’s Water Districts #3 and #5 based on the master meter readings. There is zero unpaid water that enters Sandy Creek. If there is a water issue, the Town of Sandy Creek is responsible and fixes it as soon as possible. In the past Sandy Creek has agreed on 20 cents above Richland’s cost. If costs can increase this much at one time, we are concerned about future increases. Ron Novak said Sandy Creek is Richland’s largest water user and uses about 41% of the water that they produce. Mike had estimated it at around 38%. It is understandable that as systems grow over the years costs go up, but we are interested in the true cost of water today. Unfortunately, neither town knows this yet as the current joint water project is not complete. Sandy Creek has acted as lead agency on the two joint projects, taking the responsibility for and spending the time on project paperwork, including paying all invoices and contractor payment applications, bookkeeping, budgeting, and making the loan poayments. Sandy Creek staff also went through multiple audits for these projects. Sandy Creek has never billed Richland for any of the time spent performing the lead agency role. Mr. Novak stated that Richland plans to take on $550,000 in new water system expenditures. Mr. Kastler states that water reserves have been set up for all three of Sandy Creek’s water districts using funds that were not spent in the previous years. After the CEHA hearing in December, Sandy Creek could have approximately 40 more EDUs to serve in the current joint project. More users benefit both towns as it will lower the cost per EDU on the 30-year loan. Water bills are not guaranteed revenue. Tax bills are guaranteed revenue in towns and the tax bill EDU is used to create a solid budget. He knows Richland invested their ARPA money for their water system. However, Sandy Creek has a large, vested interest in the Schoeller well fields as joint project money has been used for upgrades there. He feels that a 125% increase in one fiscal year just isn’t right.

Richland Councilman Gilson said that the Sandy Creek water rate has been subsidized for years and can’t be any longer. Work at the Schoeller fields was begun approximately 20 years ago and would have been done with or without Sandy Creek. She is appreciative of the partnership with Sandy Creek, but now Richland doesn’t have proper reserves. When there were less users, there was less maintenance and less wear and tear on the system. She stated that the past year has been unusual. Councilman Gove responded by saying that the two towns entered these projects as a team so maybe Sandy Creek should be getting a break as neither town would have their current infrastructure without the other.

Water Superintendent Kastler stated that district residents in both towns are paying on the mortgages for both

projects. Sandy Creek is responsible for the larger part of both mortgages. Therefore, the Town of Sandy

Creek has a vested interest in the Town of Richland’s water system. The Towns of Orwell, Albion, and Ellisburg have no vested interest. The Town of Richland has benefited by the addition of Sandy Creek in both joint water projects. A 125% increase in one year is difficult to understand. Neither towns’ water districts should go broke if increases are spread out over multiple years. He ended by stating that no utility should increase rates by 125% in one year.

Councilman Wood asked if Richland has any idea of what the water rate increase will be for 2024. Supervisor Yerdon said that they are working on that. Councilman Scheppard asked for a copy of the data projected on the wall. Water Supervisor Ron Novak answered a few more board members’ questions. Supervisor Yerdon thanked everyone for attending this meeting.

**On motion** by Donna Gilson, and seconded by Allen Goodsell, and carried unanimously, the joint public meeting was closed at 10:53 am.

Respectfully submitted,

Tammy L. Miller, RMC

Town Clerk