



Onondaga County Legislature

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Clerk

J. RYAN McMAHON, II
Chairman

KATHERINE M. FRENCH
Deputy Clerk

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WAYS AND MEANS COMMITTEE REVIEW OF THE 2019 TENTATIVE BUDGET ENVIRONMENTAL PROTECTION COMMITTEE DEPARTMENTS - SEPTEMBER 21, 2018 BRIAN F. MAY, CHAIRMAN

MEMBERS PRESENT: Mr. Jordan, Mr. Knapp, Mr. Plochocki, Mrs. Ervin

MEMBERS ABSENT: Mr. Ryan, Ms. Williams

ALSO ATTENDING: Chairman McMahon, Mr. Burtis, Mrs. Tassone, Ms. Cody, Dr. Chase, Mr. Holmquist, Mr. McBride; also see attached list

Chairman May called the meeting to order at 9:11 a.m.

DEPARTMENT OF WATER ENVIRONMENT PROTECTION, pg. 5-15: Tom Rhoads, .P.E., Commissioner; Michael Lannon, P.E., Deputy Commissioner; Bonnie Karasinski, Fiscal Officer; Andy Ohstrom, Administrative Director; Nick Capozza, Sewer Maintenance & Inspection Engineer

Mr. Rhoads presented the following:

Water Environment Protection Funding Adjustments

The following funding adjustments from the FY 2018 are necessary to support the FY 2019 program:

Appropriation Adjustments

▪ Personnel

Net increase of \$176,955 due to the creation of 9 new positions and salary and wage increases

▪ Supplies & Materials

Net increase of \$570,856 due to increases in chemical and fuel pricing as well as anticipated usage

▪ Maint, Utilities, Rents

Net decrease of \$682,388 due to energy conservation projects and market price for energy

▪ Professional Services

Net decrease of \$136,830 due to declining Ambient Monitoring Costs as a result of the winding down of the Amended Consent Judgement as well as a reduction in outside lab analytics costs

▪ All Other Expenses

Net increase of \$1,606,394 due to increases in biosolids disposal costs. Contract prices for the hauling biosolids as well as landfill costs have rising significantly accounting for this increase

▪ Travel & Training

Net increase of \$45,000 due to new training requirements for employees as a result of staffing turnover and new technologies

▪ Automotive Equipment

Net increase of \$835,231 due to the purchase of 13 new vehicles

▪ Provision for Capital Projects

Net increase of \$1,425,000 due to the continuing of sewer linings as part of the Capital Improvement Plan, pump station upgrades, and upgrades to Baldwinsville and Oak Orchard

Revenue Adjustments

- **County Svc Rev – Home & Comm Svc**

Net decrease of \$201,000 due to decreased estimates for the industrial waste surcharge and fees for processing Honeywell effluent

- **County Svc Rev – WEP**

Net increase of \$5,885,159 due to a budgeted increase in the Sewer Unit Charge to \$447.07 per unit

- **Appropriated Fund Balance**

Decrease of \$864,477 due to increases in the budgeted Sewer Unit Charge

Physical Services – Section 5 Page 16

- \$2.50 is the theme for today - no property or sales tax supports the WEP program, which is user fee funded, asking for increase of \$2.50 per month
- Big picture, 4 to 5 drivers of the budget:
 1. Extraneous flow, I&I - every part of this budget is consumable, supplies, energy, automotive equipment, and capital projects, about 40% of the water treated is extraneous flow and a good portion of that is coming from the municipalities, not our own system
 2. Market conditions – associated with materials and supplies, there is a biosolids market condition, which we will discuss further under funding adjustments; markets conditions changed dramatically, roughly \$5 million dollar increase on the expense side and roughly a \$5 million dollar increase proposed on the revenue side, equaling \$2.50 per month
 3. Technology – changing and driving many of the things associated with our personnel budget and travel and training discussion
 4. Automotive – requested \$1.2 million last year, received \$450,000, still seeking support on 20 year old vehicles
 5. Debt Service – net debt service is \$26 million, capital projects driven by regulatory consent orders and SPDES permits resulted in debt service increasing, total debt service in this budget is \$28 million, for that reason propose using slightly more cash capital, pay as you go cash funding for sewer and manhole repairs
- Nothing significant on the revenue side, inconsequential ask; see things in the future that will cause additional pressure on the sewer rate, previously asked for 5 years at 5%, did not receive, challenges ahead, much going on in the regulatory department and the DEC, have discussed Meadowbrook-Limestone things, the EPA is also starting to circle, important to hunker down, our rate is \$100 less than the yearly national average and \$400 less than Oswego County
- Keep in context 7% increase is \$2.50 per month – maybe a cup of coffee

Chairman May:

- Great job presenting information, likes the \$2.50 concept

Chairman McMahon:

- Sewer infrastructure is critical to everything we do; concerned about our fiscal position in 2018, want accurate numbers for the 2018 modified line, helps influence our decision making going forward, specifically what we think will be used out of the fund balance; WEP has a healthy fund balance, use a little each year

Mr. Morgan:

- Ms. Karasinski is prepared to talk to this; have had years where we used none and added to the fund balance, this year plan to use the majority of it

Ms. Karasinski:

- Currently forecasting about \$5.5 million versus the \$7.8 in the budget

Chairman McMahon:

- More units came online, means more revenue, understand some disposal costs increased, just appropriated the ability to utilize more if necessary, always give this department flexibility because of the line of work; what kind of pressures have we seen this year that we did not see in past years

Mr. Rhoads:

- Significant portion of Metro under construction in 2018, provided a good amount of flux in the amount of chemicals used, anticipate using less in 2018 than projected but fracking has brought a huge demand for polymer, one of the chemicals used in our process, chemical costs have risen dramatically - 50% of Metro has been offline all year, everything back online in 2019 and steep forecast in chemical pricing

Chairman McMahon:

- No fund balance used in 2017 – correct?

Mr. Morgan:

- Once the year is over we don't show fund balance in that line, just drops to the bottom line; used almost \$3.7 million

Chairman McMahon:

- What are we estimating to have at the end of 2018

Mr. Morgan:

- Balance \$31.7 million at the end of 2017, if we use \$5.5 million, would be at \$26 million

Chairman McMahon:

- Working on Meadowbrook-Limestone - is there a 2nd district most likely to pop up as far as regulatory pressure

Mr. Rhoads:

- Concerned with EPA administrative order, looking at all 6 treatment plants, focusing on everything everywhere, almost all the infrastructure was built in the late 70's to early 80's, because of the Clean Water Act, with almost 87% federal and state money, a lot of the infrastructure is starting to age out, regulatory requirements more difficult, asking 40-year-old plants to do much more than originally designed for, add to that the I&I, eventually that I&I takes all the supporting soils from the sewers and they start to collapse
- Believe we will start seeing collapse soon, will then have emergency repairs that will be open cut, won't be just lining, changes the equation, will be replacing all the other utilities as well as the road

Chairman McMahon:

- Looking at capital request the biosolids drying system will be about a 10-year payback; what year will we start seeing relief in your operation budget

Mr. Rhoads:

- In that scenario, hope to get started on the engineering in 2019, earliest we might see that come online is 2022; hope to use energy savings contract vehicle to expedite design and build, will still take several years to accomplish

Chairman McMahon:

- Do you think the investments made to Brewerton will help with the regulatory agencies?

Mr. Rhoads:

- Yes, Brewerton is aging out, not proposing any process changes there; now have Parade of Homes against the fence line, we are not a perfume factory, need to make improvements to be good neighbors but are seeing a lot of infiltration there, capital improvements there will help us improve a number of safety issues, replacing the blowers will also reduce energy costs; try to use better technology in all asset renewal project but that then requires additional control technologies, need technology workers to support new assets

Mr. Jordan:

- What improvements are you talking about at Baldwinsville and Oak Orchard?

Mr. Lannon:

- Believe you are referring to the replacement of the pure oxygen system - 2 installations, Baldwinsville WWTP and Oak Orchard, plants built circa 1980, original equipment in dire need of replacement, seeking cash capital monies to procure engineering design, \$1 million, will come back separately for construction monies

Mr. Knapp:

- Maintenance, utilities and rents down significantly, have alternative energy options been installed?

Mr. Rhoads:

- 9 acres of solar array at Oak Orchard and the combined heat and power at the Metro plant are the primary alternative energies

Mr. Knapp:

- Has the solar shown a return?

Mr. Rhoads:

- Seeing low natural energy prices, were paying well over \$0.06 kWh, now base price is \$0.045, add another penny for wheeling; will see over time

Mr. Knapp:

- Received similar answer from Corrections - decrease due to a lower price per kW

Mr. Rhoads:

- Continue to replace equipment with more energy efficient equipment, working with NYSERTA to find low-cost and no-cost energy reductions, goal is to offset the amount of power brought on with the Clinton project; also SPDES requirements are adding processing equipment to 5 of our 6 treatment plants, lucky to be seeing energy cost reductions, hope prices stay low

Mr. Knapp:

- Review positions created

Mr. Ohstrom:

- 9 create positions, structuring employment toward new technology:
 1. LAN Tech Support Specialist – many things now connected, pumps and motors talk to a centralized database, allows for quicker response to issues, vital to add someone checking to ensure those connections are working
 2. Instrumental/Electrical Engineer – plant runs off computers, PLC's and electronics, position provides on staff expertise
 3. Computer Repair Technician – hands-on repairs in the plant, laptops connect to GIS which outlines the whole map of what we do, need someone to maintain and fix those laptops
 4. GEO Informational Systems Specialist - create data information, most modern way to do things with incredible efficiency; currently have 1, requesting another due to expansion
 5. Principal Wastewater Treatment Plant Operator - 2 positions, unfunding Head Operator, creates more opportunity for cross training and leadership across multiple plants
 6. Clerk 2 – *abolishing Stenographer (**see correction pg. 5**), old title replacing with Clerk 2
 7. Clerk 1 – additional data entry support

Mr. Knapp:

- How do you work with the County IT department?

Mr. Ohstrom:

- County IT department supports our existing administration systems; additions are field operations and the County does not handle our field

Mr. Rhoads:

- Very specialized

*In answer to Chairman May, Mr. Ohstrom confirmed that he meant to say unfund instead of abolish. The position will exist but no money will be funded toward it.

Mr. Plochocki:

- Legislature strives to keep a 10% reserve in fund balance; asked Mr. Rhoads and Mr. Morgan for their thoughts on a bottom-line number for WEP's fund balance

Mr. Morgan:

- Were times when that fund balance was too high, many different metrics used by entities whether percentage of expenses, percentage of revenues, hasn't been a policy developed requiring WEP's specific fund balance, proposed amount is a lot more than the general fund and the general fund is much bigger, concerned about using huge gobs of fund balance as it will dry that fund balance up in 3 years, want a healthy balance between fund balance and rate increase, hasn't occurred over the last 5 years, luckily they have had operating surpluses and haven't had to dip into the fund balance, now using \$5 million, \$3 million used last year, don't have specific number in mind, know the amount proposed for use this year and next is too much,
- Typically keep the general fund balance below \$5 million and that is a much larger fund than the sewer fund, think WEP should strive to use a million or two per year at most

Chairman May:

- Using the same calculations of our general fund, roughly, where would we be?

Mr. Morgan:

- Aside from interdepartmental revenues the total revenues are proposed to be \$95 million, taking out the fund balance at \$88 million, need 10%

Mr. Knapp:

- Just to stick a shovel in the ground is 7 figures, an incredible amount of costs for anything that has to do with this industry; agrees fund balance was a little high but it can dry up really fast if a major project had to be done, suggests caution

Mr. Rhoads:

- Much volatility in the regulatory environment; spent over \$700 million with the ACJ on CSO's, concerned for the next regulatory direction

Mr. Plochocki:

- The outer ring of sewers in the CSD not owned by the county creates issues, continuing talks of ultimately having county ownership, briefly what do you see as disadvantages and advantages to the county

Mr. Rhoads:

- Big policy question, best to figure out a forum where pros and cons could be discussed, that capital or consolidation engagement is beyond my operating budget discussion, don't want to get the cart before the horse, many good long-run reasons and a lot of short-term investments would be necessary, how those things weigh out and are judged is a bigger discussion, need to figure a way to convene discussion with all the stakeholders

Chairman May:

- Critical question, will not be solved in this budget; dialogue needs to start soon, all stakeholder need to be committed to coming up with a plan to get us to where we need to be to avoid a fiscal crisis in as many spots as possible, real challenge and very dynamic in terms of problems

Mr. Rhoads:

- Confirmed 9 positions were being added and 3 were being unfunded

Mrs. Ervin:

- Adding 6 positions because of technology – what happens to those folks doing things the old way

Mr. Rhoads:

- Proposing some "old way things" too, i.e., propose a Sewer Maintenance Crew Leader, 1 year ago got the leader but not the crew, last year got the crew but did not get the leader, requesting leader to implement a 2nd shift and make better utilization of our equipment, proposing head operator change through attrition, very large department, considerable turnover just through attrition, plan to continue to make replacements not unfund positions currently filled

Chairman May:

- What is the fuel rate per gallon budgeted across the board for 2019?

Mr. Morgan:

- Rate sent to legislative staff

Mr. Rhoads:

- Believe the rate is \$2.30 for gasoline and \$2.66 for diesel

Chairman May asked that Mr. Glazier email Ms. Stanczyk a quick explanation of how the solar credits are being applied in the county holistically.

Chairman May asked that Mr. Rhoads email a list of where the cash capital is going, the planned I&I projects and their location.

Chairman May:

- Asking for a new aquatech, adding to fleet or replacement

Mr. Rhoads:

- Replacing 16-year-old truck

Chairman May:

- Shared with local municipalities or do you provide services

Mr. Rhoads:

- Cost recovery for this, 2019 budget will recover the costs from 2017, bill out charge of \$667 per day for this equipment, includes driver and backup crew of 4 people, now forced to lease vehicles for this work costing \$1,337 per day including 1 person, performing this work at 60% loss; almost all municipalities have sewer vac trucks that they use for their stormwater system but they are uncomfortable using it in their sewers

Mr. Jordan:

- Why aren't we using the methane gas produced at Metro as an energy source?

Mr. Rhoads:

- Currently use natural gas to heat the facility and digesters, along with 1 combined heat and power co-gen (a diesel generator that operates on methane), part of the capital project proposed for the vintage 1959 digester complex will added 2 more co-generation, seek approval for a grant to pay for the cogeneration units which will allow more efficient use of the gas as part of our operations', also suffering for crumbling infrastructure, 1 digester is also a gas holder, the roof no longer floats up and down so we don't have the ability to store gas the way we would like, end up having to flare it

Mr. Jordan:

- Part of the budget is trying to implement a biosolids water reduction program, couldn't the methane gas be used to help dry out those biosolids instead

Mr. Rhoads:

- As part of our larger projects we will look at dual fuel boilers for our heating systems, using natural or methane gas; surplus methane could be stored in the summer and used for biosolids drying, all part of the current capital proposal

Mr. Plochocki:

- Methane gas will not produce as much power as you would think, will lower costs but won't be a cash boom

Chairman May:

- How much is budged for Save the Rain and Block Litter in 2019

Mr. Rhoads:

- \$225,000 for Save the Rain and public outreach that includes block litter

The meeting was recessed at 11:53 a.m.

Respectfully submitted,



KATHERINE M. FRENCH, Deputy Clerk
Onondaga County Legislature

ATTENDANCE

COMMITTEE: 2019 BUDGET REVIEW OF ENVIRONMENTAL
PROTECTION COMMITTEE DEPARTMENTS

DATE: SEPTEMBER 21, 2018

NAME	DEPARTMENT/AGENCY
PLEASE PRINT	
Mark Matt	
Tom RHOADS	WEP
Matt Beadnell	Comptrollers
Ann Rooney	Co. Ex.
Tara Venditti	Mgmt. + Budget
Steve Morgan	Finance
Mary Beth Primo	Co. Ex.
Robert Durr	Law
Duane Owens	Personnel

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NAME	DEPARTMENT/AGENCY
PLEASE PRINT	
Bonnie Karasinski	WEP
Nick Capozza	WEP
Michael Lennon	WEP
Andy Olsstrom	WEP
Elizabeth Primo	OCHD-HF