

Minutes of the Special Meeting of the Board of Trustees of the Village of Lake George, NY, held on Monday, June 6, 2023 at 3:00 p.m. at the Village Office. The Zoom connection was publicized on the Village's website, listed on the agenda, and available for public participation. Members of the Village Board physically attended at the Village Hall.

MEMBERS PRESENT: Raymond Perry, Mayor
Joe Mastrodomenico, Deputy Mayor
Jose Filomeno, Trustee
John Root, Trustee
Alyson Miller, Trustee

Also Present: Clerk Julie Allen, Superintendent Lanfear, Operator Tim Shudt, Jeff Smith of Municipal Solutions, Director of Planning & Zoning Dan Barusch, Sean Doty from KSPE, Water Clerk Lori Bott, Treasurer Danna Bock, and others via Zoom.

Mayor Perry opened the Special Meeting at 3:02 p.m.

Mayor Perry introduced Jeff Smith of Municipal Solutions and asked him to update everyone on the status of the new Sewer Utility Fund.

Jeff Smith explained that the Village of Lake George has asked him to help establish a Sewer Utility Fund. This means that the Village would remove it from the General Fund into its own Sewer Fund. He went on to say that there is no "one size fits all" way of making this change happen. He said the main thing is to establish a method of charging customers in a way that is fair, equitable, easily understood, and defensible. What he recommended is to have the charge against debt services appear as a separate line on the Sewer Bill. This would show the residents what the Capital expenses are to keep the system updated. He said you would come up with an EDU (Equivalent Dwelling Unit) and base it off Water usage. He went on to say that at this point they have calculated the average single-family home to have an average water usage of 11,000 gallons per quarter. He said we would then take that number and all residential users would be charged one EDU. He said for Commercial Users we would take the 11,000 gallons and divide it into the last two quarters to come up with their EDU. He said the biggest thing for seasonal communities was to find the correct EDU to use. He said that some used a Summer rate, some averaged out the consumption over two years. He said that once the EDU's are figured, then each year you would take your debt service and divide it by the number of EDU's to get the Capital Charge. Then, to figure the Operation and Maintenance, we would then do a minimum charge to keep cash flow. So basically, the bill would be in two parts, Debt Service and O&M.

Mayor Perry questioned that when looking at a hotel/motel with say 150 units, it would not be one EDU, it would be Commercial rate divided by usage. Mr. Smith said yes, by their usage, or by room. He said use one EDU as a base, then by room. He said the rate would depend on how you would want to assign value to each room.

Treasurer Bock asked with the Capital Charge for the EDU, if the money gets placed separately because the O&M and the Reserve are actual cash flow. Mr. Smith said it would be collected along with the bill, and it can be deposited in the Fund because it is an operating fund. He said it can all be deposited together. Treasurer Bock then said that we shouldn't list it as Capital Improvement because then we would have people would ask if we were setting the money aside. Mr. Smith said it would be better to call it debt service for that reason. Mr. Smith said we can set up a Reserve Account. He suggested that the Village do an asset management plan in the next few years to help know what amount should be in the Reserves for any critical repairs.

Mayor Perry asked if there was a national average that the Village should use for a hotel/motel. Mr. Smith replied that there are. He said he knows the DEC has numbers, but he knows the numbers are overinflated. He suggested perhaps looking at the consumption of the hotels and they divide it by the number of rooms. Trustee Root said he doesn't think it would work for some of the mom-and-pop type hotels as they don't have the same kind of usage as large ones with laundry service, pools, etc. Mr. Smith said they could also go by levels i.e. – 1–5 rooms one rate, 5–25 another rate, etc. Clerk Bott said that we had tried several different scenarios. She said she broke it down by single family, multi family, commercial, etc.

Mayor Perry asked about apartments. Mr. Smith said that they would usually do the first apartment as 1, then $\frac{1}{2}$ for each after that. He said he believed that our assessor told him that she had no way to break down anything less than three units. He said that for multi family you could do 1 or 1.5, just make sure to keep it consistent.

Mayor Perry reviewed that we would first find out what it costs us minus the revenues we are already getting from the Town, the County, Hearthstone, Caldwell, the haulers, interest, and penalties. Mayor Perry said that he felt we are not getting enough interest for late payments. Mr. Smith said 10% was the average rate most assessed for late payment, per quarter, but it did not compound. Clerk Bott said that we assessed a 1.5% penalty per month.

Mr. Smith said he would suggest the Village reassess every year at budget time, to see if we need to adjust the rates.

Mayor Perry asked if Mr. Smith would recommend doing a tiered commercial rate. Mr. Smith said that it would depend on administration. He said the more options, the more time it will take administration to bill. Mayor Perry said he could see somebody contacting us questioning why they would be lumped in the same as others when their scenario is different. Mr. Smith said that the Village could determine how specific and how many different options we wanted to offer. He again said that it would come down to how much time and effort we want our billing Clerk to have to dedicate. Mayor Perry said that Clerk Bott had run several different scenarios, and that she would be sharing the information with Mr. Smith alone as it contains personal information. Mayor Perry said that after running these scenarios they all seemed to come up high. Mr. Smith asked if the Village was considering using some of the parking revenues towards the sewer fund. Mayor Perry said yes, we can use some of the parking funds towards it. Trustee Root said that using some of those funds is justifiable because the reason for the new plant was to cover the additional usage we get from the visitors. Treasurer Bock said that she does not believe that using parking revenues is something we can do every year. Mayor Perry said that it depends on how much we would be using. Treasurer Bock said that the Village needs to keep in mind that Utilities and Water are self-sustaining and are separate from the General Fund, and you cannot transfer funds between those accounts. Mr. Smith said that you can, but it has to be Board approved and they must be able to justify why. Trustee Root asked if there was a way to measure the water usage on public restrooms. Superintendent Lanfear said there are meters on all public restrooms. Trustee Root said that hotels/motels can charge their customers to make up for any increase they see but residential homes can't. Mr. Smith explained that most likely once we announce the new Sewer Utility Fund, we will see a drop in consumption. He suggests an annual review to make sure we are on track to collect what we need. Mr. Smith said the first year is kind of a stab in the dark. Trustee Root said the Village should go in a little high. Mr. Smith said it is better to reduce than increase the charges. Mayor Perry said he is not looking to just swap money. He wants to keep taxes down. He does not want residents to think that the money they are saving in taxes just goes directly into the Sewer Fund. Mayor Perry said he wants to continue to try to lower taxes by using OCC Tax or revenues from parking meters. Mayor Perry said he feels we will have to figure out how much the Towns usage is, and then figure rates based on the balance. Dan Barusch said that the

Town has its own formula to figure rates. Mr. Smith said he feels the Village had the concept pretty well defined, so the next step would be how do we want to get into the equity especially with the different kinds of users. Clerk Bott questioned how we make it fair and equitable for our commercial users that are not open year-round? She asked if they would be charged year-round? Mr. Smith said yes, they would be charged year-round, because the Village still has the debt service that needs to be paid. He explained that to have the services delivered to their door, they would have to pay the base fee. Treasurer Bock said she feels much of what we decide to do will depend on what the billing program can do. Mayor Perry said we will also need to know when changes are made to properties that may affect their usage. Mr. Smith recommended that the Village should touch base with the assessor regularly to make sure we know of all changes made to the properties. Mayor Perry asked Clerk Bott what classifications we have. Clerk Bott said there are: Retail, Multi Family, Restaurant/Hotel, and Hotel with Restaurant. She said she would have to reach out to see if the program can add a Hotel with X number of rooms. Mr. Smith said most likely the assessor should have property cards that would tell her how many rooms the Hotel would have. Clerk Bott said she is concerned about the 11,000-gallon average being used because a lot of our residents are not here in the winter and during the winter that number is much less, and during the summer it is much higher. Clerk Bott suggested using a smaller number like 3,000 gallons as a base would be better. She feels we should be billing more based on actual usage. Mr. Smith said the 11,000 gallon was being used mostly for determining EDU's. He feels that for determining the O&M side, 3000 gallons would be more realistic. Mr. Smith said that we will most likely see around 16 – 18% of users paying the minimum. Trustee Miller asked if we dropped the minimum usage, would we be making enough to cover the expenses? Mr. Smith said that by setting it lower, the Village will be making more.

Trustee Miller asked if we would be going over current costs. Mayor Perry replied no, not at this time. Mayor Perry said that there is a monthly workshop that he would welcome people to come to. Trustee Root said that we are doing our best to make it fair while still paying the bills.

Mayor Perry asked if anyone had any questions. Sean Doty of KSPE asked if there was a draft report available. Mr. Smith said there is a "VERY DRAFT" report available, but a lot has changed. Mr. Smith said the Village should gear it off consumption. Trustee Root asked if there was a way to gauge larger industrial usage for places like the Pub. Mr. Smith said that most places that get into that are for far heavier and more industrial use than what the Village is looking at.

Mr. Doty asked if the idea was to create an EDU structure based on historic consumption, and if Clerk Bott could input it into our current program? Clerk Bott responded that it would be a process, that it would be time consuming because a lot would need to be manually input. Trustee Root questioned if it would be worth it to have Clerk Bott possibly look into a newer program that could handle excel inputs? Clerk Bott said she feels changing programs would be a bad idea at this time.

Mayor Perry said that one thing that has been brought to his attention recently is that some of the larger users have a bypass on their meter and that they have been caught with the bypass half on. He explained that this allows them to still get the same amount of water but only pay for half the usage. Mayor Perry would like to create a regular inspection program for these larger users to ensure they are using the system properly. Superintendent Lanfear suggested that there should be a system that creates a seal, so if it's tampered with the Village is notified. Trustee Root said that some of the older Hotels are especially easier to bypass. Clerk Bott said that the cellular endpoints can also help to catch them.

Clerk Bott questioned if the Village would re-levy, like we do with water for those do not pay. Mayor Perry said he feels we should re-levy.

Mr. Doty asked if there were two things happening: an evaluation of certain uses and how much they are used, as well going back and doing historical data and dividing the minimum consumption by the consumption of each used to come up with an EDU. Mr. Smith responded yes.

Mayor Perry asked for any other questions.

Trustee Root asked when we would be looking to implement this. Mayor Perry responded he was hoping for the third quarter. Treasurer Bock expressed that the ideal way to do it would be to implement it June 1, along with the new budget because we would be creating a whole new budget in doing this. Treasure Bock said that keeping it separate is the best way to proceed.

There was a motion by Trustee Root to adjourn at 3:57 p.m.

Respectfully submitted,

Julie K Allen
Village Clerk