MINUTES
GOVERNANCE COMMITTEE
Tuesday, July 31, 2018, 3:00 PM
Authority Conference Room, 4th Floor, Suite 414
Dulles State Office Building

Members Present
Gary Turck, Chairman
Alfred Calligaris
Fredrick Carter
John B. Johnson, Jr.
Margaret Murray

Staff Present
James W. Wright, Executive Director
Angela Marra, Executive Assistant

Guests Present
Victoria A. Ramundo, Outside Counsel

Committee Members Absent
Thomas Hefferon

Other Board Members Present

1. Following the roll call of the committee, Chairman Turck called the meeting to order at 3:02 PM.

2. NYS Department of Transportation – Adirondack Visitors Center – Telecommunications

J. Wright reported to the committee that the Authority was contacted by the New York State Department of Transportation (NYSDOT) Region 7 regarding work being done on Route 87 in the Adirondacks. Subsequent from being contacted by the DOT, the Authority received a call from the Executive Chamber encouraging us to do this work because they have a completion date of September 1 that no one would guarantee. The Authority indicated willingness to do the job, but cannot guarantee September 1st either because it is contingent on other contractors getting together and delivering it. J. Wright wanted to let the committee know of another contract outside of the Tri-County area, this time with DOT, and the Authority was expressly asked to take a look at the work and bring it in on time for them because the two private carriers had declined.

A Calligaris asked if this is something we put that in the price. J. Wright responded yes.

J. Johnson asked if we needed to obtain APA permits. J. Wright responded no, all of that is under the DOT. What the Authority is doing, is taking their expertise and wiring the building and connecting that to the outside world. The entire project involves public Wi-Fi, 27 security cameras, an “I Love New York” video wall and a New York State Trooper station.
3. Chazen Settlement

J. Wright recapped that this pertains to back in September as part of a Water Quality contract with Chazen with the engineering firm. At the time, the Board's discussion took place in Executive Session as there was a potential litigation. The Authority had terminated the contract with Chazen for failure to perform. The Authority has been in settlement discussions with them ever since. That settlement was reached last week. The bottom line being that after the Authority terminated the contract there was roughly $20,000 in outstanding obligations that Chazen was seeking from the Authority; we settled with them for $5,000. A new engineering firm has been hired and is currently soliciting bids to move forward on the project.

The situation started to unravel from the beginning as the engineers who were with the group left the group. They had proposed an alternative design that was not successfully followed by the next group of engineers that were plugged into the job. Piece by piece they fell behind, missed a number of timelines and ultimately when it was put out to bid they received no bids. In talking with potential bidders, they found the specs very confusing and felt there were a lot of issues involved with the job. At the point that no bids were received, the Authority terminated them.

4. Upon a motion made by A. Calligaris and seconded by M. Murray, the committee moved into Executive Session at 3:07 PM for the purpose of discussing a personnel matter.

Upon a motion made by F. Carter, and seconded by A. Calligaris, the committee moved back into Regular Session at 3:56 PM.

No action was taken during the executive session.

5. Resolution No. 2018-08-XX, Water Supply and Sewage Treatment Contracts – City of Watertown – Audit Findings Resolution

Carl Farone joined the meeting at this time.

J. Wright reported that the resolution deals with FY 2014, 15 and 16, leaving 2017 and 18 still outstanding. The Authority met with the City and went over the items the Army was looking for the Authority to change, which we didn't want to see change. The Army wanted to call on the contract and disrupt its current status. C. Farone contacted A. Sligar with Fort Drum procurement, and went over the agreement. The only issue raised by our counsel was in regards to the City's ability to charge the same amount for outside users that they charge other outside users, meaning they will exclude their calculation as it relates to the United States Army but they will not exclude the outside users on our water line. This stays consistent with other outside users that the City has connected that are not along the Army water line. This was anticipated to be an issue as it arises each year when this is discussed. J. Wright is not feeling particularly concerned about that because their rate structure being such that it is, all of those municipalities pay significantly less than the Army does. This is a result of the rate
calculation with capital cost amortized for 20 years with the municipalities, distances, and a number of other different factors. The Army also discussed having a rate structure with classes; Class I will be the Army and Class II will be the municipalities. This will be seen in the Authority’s next year’s budget as we go to a two tier system. The Authority is in agreement with this and J. Wright is prepared to sign and return to the City. This will settle the three years of 2014, 2015, and 2016. The Authority had withheld $779,802.78, exceeding what the audit findings were at $723,000. The Authority issued a payment of $55,000 to the City in good faith. This will resolve the outstanding balance. The Authority will be credited $329,529.26 which will then be sent to Fort Drum. The balance will then be released to the City, with no Authority money being involved. According to Fort Drum, this is the process they will use going forward in 2017 and 2018. Hopefully the auditor will not act independently of this agreement.

A Calligaris stated that this agreement brings the Authority to where it wanted to be in the beginning. J. Wright agreed, and further stated that this is also where Fort Drum was several months ago before the situation escalated with the auditor. It appears that Fort Drum has determined that DCAA is advisory only, Fort Drum has come to a different conclusion, agreeing to take the $329,000 with the rest going to the City and seeing this as a fair and reasonable compromise.

Upon a motion by F. Carter, and seconded by A. Calligaris, this Water Supply and Sewage Treatment Contracts – City of Watertown – Audit Findings Agreement, was unanimously approved by the Governance Committee to be signed by the Executive Director.

F. Carter asked if the DCAA is still involved. C. Farone responded that they are, they are actually currently auditing the Authority, and that C. Farone had just become aware that Fort Drum had requested the auditor to attend a meeting on Fort Drum today to discuss this very agreement. J. Wright further commented that what Fort Drum is telling the Authority is that by adopting this agreement, being language that is already in our contact, the Authority is agreeing to modify the language to reflect the rate setting mechanism to this “FAR”, which was always applicable. The main contract has never changed, but there have been 25+ adjustments on each one, which can be as simple as an annual rate adjustment. This method is not uncommon within these contracts.

J. Johnson asked if these negotiations have all been over water. J. Wright responded it has been water and sewer. J. Johnson stated that is good because we don’t need to now negotiate the sewer contract that they were done together.

6. Upon a motion by J. Johnson, and seconded by A. Calligaris, the report from the outside counsel has been reviewed in Executive Session and was unanimously approved by the Governance Committee to be presented to the full Board at the next meeting.

C. Farone left the meeting at 4:09 PM

7. J. Wright announced to the committee the meeting date change for the Strategic Planning Meeting. J. Wright has a conflict with a Regional Council meeting. In the cycle of our meetings, it is time to be back in St. Lawrence County. They offered the
opportunity to the Authority, we would like to schedule the meeting at the newly constructed Gouverneur Community Center, and however they had a conflict on the date we had selected due to a Kinney Drugs Board meeting. We would now like to schedule our meeting to take place on that Wednesday, September 26. The next actual Board Meeting will be held October 18. J. Johnson requested that there be a brief report from the manager at the new zinc mine which currently employs 200+ people. F. Carter suggested other meeting locations in Canton with better meeting areas and restaurants, to which J. Wright responded that the community center has offered us lunch through their Office of the Aging/Meals on Wheels program.

8. Upon a motion made by F. Carter and seconded by A. Calligaris, the committee moved into Executive Session at 4:12 PM for the purpose of discussing a real estate matter.

Upon a motion made by F. Carter, and seconded by A. Calligaris, the committee moved back into Regular Session at 4:15 PM.

No action was taken during the executive session.

9. Upon a motion made by F. Carter, and seconded A. Calligaris, the committee meeting was adjourned at 4:15 PM.

Respectfully submitted,

Gary Turk
Chairman, Governance Committee