

Accountability & Transparency

The Development Authority rises above to be accountable and transparent in all of our operations to the people of our region.



This WALKWAY and NATURE AREA IS PROVIDED THROUGH THE EFFORTS OF THE DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY AND FORT EDWARDS.

*DEDICATED TO THE LEADERSHIP OF
James R. Kanik*

The Development Authority strives to protect, conserve and enhance the health and well-being of our region, for current and future generations.

Annual Progress Report 2010-2011



North Country Recycles



Executive Director Report

Development Authority of the North Country Annual Report 2010-2011

This report is prepared for submission to the Board of the Development Authority of the North Country in compliance with the requirements of the Public Authorities Accountability Act and will be posted to the Authority's website for public access.

PROGRESS

The Development Authority has completed the fiscal year in a strong financial position. The Authority operations have grown, increased customers, increased revenues, managed debt while providing for appropriate reinvestment, and maintained adequate reserves for long-term obligations and liabilities. Consequently, at year-end the Authority assets have increased, excess revenue contributing to assets, funded all reserves and met all operating obligations. By all reasonable business standards, the Authority has enjoyed a successful year and is in the enviable situation of managing growth and expansion in another year of a weak economy.

The current public perception surrounding State government and State authorities is not consistent with the operations of the Development Authority. This can be attributed to the type of services managed by the Authority, the historical business approach of the Authority, and the long-term strategic decision making of the Board.

The Authority has experienced a period of customer growth in the divisions of Water Quality, Telecommunications, Community Development, and Engineering. Although Solid Waste volume has continued to decline for a second year, the Authority's expanding role in regional solid waste coordination, public education and waste diversion activities reflect new responsibilities.

The Authority provides several viable models for the provision of regional and shared services to address the governmental objectives of consolidation, efficiency and cost containment while maintaining essential local services. Consequently, while other governmental entities are reducing their workforces and scaling back operations, the Authority is entering into new service agreements with additional municipal partners.

The Authority Board, chaired by Thomas Hefferon, continued its longstanding commitment to fiduciary responsibilities and an enhanced policy making role. The Board convened an annual strategic planning session regarding telecommunications and solid waste. This Board commitment provided for continued stabilization of customer service rates during the year. The Board has provided for the accountability and transparency of the Authority through

its oversight and direction of the Executive Management. The Authority has maintained its commitment to open communication and public accessibility. A major upgrade and redesign of the Authority's website was completed this past year, providing all of the information required by the Public Authorities Accountability Act, additional Authority information and reports, and greater user-friendly utilization.

PERFORMANCE MEASUREMENTS

The Public Authorities Accountability Act has for the first time required the Authority to adopt annual performance measures. The Authority reviewed its Mission Statement at its Annual Board Meeting of 2010 and adopted seven performance measures. Upon completion of the year, the Board again reviewed the performance measures compared to the performance achievements as reported by executive management. The Performance Measurements Report is attached hereto, for incorporation in this Annual Progress Report.

25th ANNIVERSARY

The Authority completed its twenty-fifth year of operations this past year. The official commemoration was recognized at the June Board Session, and commemorated it with the issuance of a twenty-five year historical documentation of Authority achievements. The Authority also used the opportunity to refurbish the Authority's recreational trail in Calcium and rededicated it to James Kanik, the Authority's first Chairman and first Executive Director.

CAPITAL CONSTRUCTION

With the Authority completing twenty-five years of operations, many of the original facilities and capital investments are nearing the end of the facilities' life cycle. Consequently, the Authority has embarked upon a five year Capital Plan which incorporates significant capital improvements to our facilities.

This past year, the solid waste facility had two such projects. First, the reallocation of office space within the facility which provided a new configuration of office space and better utilization of existing space. This included our own personnel replacing the kitchen countertops and fixtures. Second was the replacement of the roof system and HVAC system, both of which were original to the facility. Upon completion of the work, the facility common areas were freshly painted.

The final design for the renovation and expansion of the Warneck Pump Station was completed and bids were awarded. Construction shall be completed within the year.

ORGANIZATION

The Authority's organizational focus for the year was the restructuring of the Solid Waste Division and the expansion of the Engineering and Environmental Division. These organizational changes were a continuation of the restructuring commenced by executive management with the integration of the LFGTE facilities into solid waste operations, the establishment of Regional Recycling Coordinator, and the creation of an Authority-wide Engineering Division.

The initial changes were to the scale house and accounting operations. A promotion and vacancy provided the opportunity to reclassify the positions to broader customer service functions, and provide for cross-training of all three personnel in scale house, billing, purchasing and accounting functions. This provided additional trained personnel.

The second phase was the integration of operations and maintenance under a single supervisor. This internal consolidation also provided the opportunity to transfer the Environmental Coordinator responsibilities to the Engineering Division thus removing the daily supervision from solid waste and providing greater independence and third party accountability.

The final phase was upon the retirement of the Division Manager, the position and its responsibilities were re-evaluated. This resulted in the incorporation of broader responsibilities beyond landfill operations to reflect comprehensive materials management, waste diversion, environmental stewardship, and natural resource management.

The restructuring has created a new team which has the appropriate strength to position the Authority for the challenges of permitting and construction of the facility expansion and related requirements for the future.

The reassignment of personnel from solid waste to the Engineering and Environmental Division included environmental responsibilities, Authority-wide fleet management, enhanced safety compliance and increased internal capital project inspection capabilities. These capabilities further expanded the role of an Authority-wide Engineering Division. The results are increased internal oversight, greater compliance and reduced expenses for external consulting engineering.

These organizational changes strengthen the management capacity of the organization, enabling the Authority to advance new initiatives with existing resources.

ENVIRONMENTAL STEWARDSHIP

The Authority continued to improve upon its mission to protect, conserve and enhance the environment.

On an Authority-wide basis, new policies were adopted by the Board, including Integrated Pest Management, Green Cleaning Products, and Universal Waste Management. A sustainability plan incorporating the Authority policies was adopted. These efforts also included waste reduction and a tracking and reporting system. An Authority-wide environmental matrix has been implemented to assist divisions in maintaining compliance through an internal audit process.

The division initiatives include wetlands mitigation plan, storm water management and equipment acquisition at the landfill and recreational trail improvements. The Authority purchased timber rights from an adjacent property owner and commenced an on-going tree replacement program. The Authority's mowing practices were also modified to reduce expenses while enhancing natural habitat. A natural resource management planning process was initiated.

On a regional basis, the Authority expanded its water quality operations and materials management coordination, including an extensive public education campaign for waste diversion.

PARTNERSHIPS AND COMMUNITIES

As a regional Authority, the maintenance of partnerships is crucial to the Authority's effectiveness. The Authority continued its effort to communicate with its statutory partners, the three Counties, and City of Watertown. Equally important, the Authority continues to develop new working partnerships to foster greater understanding of the Authority's goals and effectively implement its initiatives. This past year, the Authority entered into several agreements with Clarkson University to explore sustainable uses for waste heat and energy generation from leachate generated at the landfill. After developing a natural resource inventory with the Jefferson County Soil and Water Conservation District (JCSWCD), the Authority entered into an agreement with JCSWCD for timber and land management services.

On a regional basis, the Authority renewed its service agreement with the North Country Alliance (NCA) and established a new partnership with the Adirondack Association of Towns and Villages supporting the Adirondack Partnership Initiative.

These efforts supplement the initiatives requested by Franklin County, the Trudeau Institute, and the Action Health Network to expand broadband telecommunications services into the Adirondack region.

The Authority furthered its relationship with the Town of Rodman by amending its community benefit agreement to incorporate an energy revenue sharing provision. This partnership provided for the net energy revenues from the Landfill Gas to Energy (LFGTE) plant to be shared with the Town.

SUMMARY

The Authority has completed its first twenty-five years with a renewed sense of purpose and a focus on its mission to serve the common interests of the North Country. This year has reflected a documentation of our past and the initiation of a rededication for the future.

The following divisional summaries reflect specific programmatic achievements over the past year.

COMPLIANCE OFFICER

- Consistent with an internal audit work plan conducted monthly, quarterly, semi-annual and annual internal audits
- New audits were initiated for health insurance, cellular phones, workplace security and webcasts
- Completed New York State Executive Order No. 4 reporting, state green procurement and agency sustainability requirements and reporting

- Established an Authority Human Resource manual, revised personnel records management system, and standardized employment documents
- Expanded staff training including safety, workplace violence prevention, ethics and public integrity; Added online capabilities
- Implemented a new Board compliance record management system including public Authority governance training documentation, financial disclosure reporting, orientation checklist and documentation

COMMUNITY DEVELOPMENT

- Recapitalized the North Country Alliance (NCA) Regional Revolving Loan Fund with USDA funding of \$750,000 and New York State small business funding of \$1,750,000
- Launch of Drum Country Business attraction program including web-based promotion and production of related collateral materials for target businesses
- Provide technical assistance and financing for Ansen Corporation, Ogdensburg; Clifton-Fine Medical Clinic; Village of Harrisville; and Town of Clayton (TIERS) projects
- Supported ongoing housing rehabilitation in the region by providing funding assistance to Mill Creek Apartments (Lewis County); The Ledges and Pleasant Creek (Jefferson County), and North Country Preservation (Jefferson and St. Lawrence Counties), totaling over \$1,800,000 in financing and impacting 450 units of housing
- Provide technical and funding support for small scale infill housing projects like Ten Eyck Street, Watertown (single family) and Roxy Hotel, Cape Vincent (small scale townhouse)
- Establish financing guidelines and Uniform Tax Exempt Policy for IDA housing projects to advance housing production in the Fort Drum region

ENGINEERING AND ENVIRONMENTAL

- Assisted Lewis County and Route 3 Sewer Corridor in securing \$175,000 for the Authority to develop GIS mapping and SCADA controls for eight municipalities in our service area
- Awarded a \$50,000 grant through New York State Archives, Local Government Records Management Improvement fund for GIS
- Completed final design, conducted construction bidding and commenced construction of the Warneck Pump Station Leadership in Energy and Environmental Design (LEED) capital improvement addition and renovations
- Oversight of capital construction projects to maintain Authority-owned infrastructure including the landfill Main Pump Station, landfill Operations and Maintenance facility, Calcium Nature Trail upgrade, and preliminary design of regional waterline hydraulic improvements

- Documented Authority-wide safety and environmental compliance through use of compliance matrices; performed comprehensive internal audits for regulatory requirements; supported internal compliance initiatives by updating standard procedures, developing policies and providing training
- Provided in-house training for Authority staff on key technology systems which provide the Authority with a competitive business advantage including Adobe Pro, Computerized Maintenance Management, GIS and SCADA.

FINANCE

- The annual financial audit was completed on time and without a single journal entry to reclassify a posting and without noting any internal control deficiencies.
- Completed an Environmental Facilities Corporation (EFC) refinancing of solid waste facility debt, resulting in savings of \$183,000
- Implemented a review and evaluation of communication device utilization, producing a new policy; new utilization practices, coordination of a single Authority-wide plan and cost savings of over \$700 monthly.
- Issued a financing Request for Proposal (RFP) for \$2.5 million for the Warneck Pump Station project. The RFP produced a five year loan at a 2.11% interest rate.
- Issued an RFP for Banking Services. Solicited competitive proposals and conducted an evaluation of comparable services, ranking submissions, awarding to Key Bank, high bidder. A series of new services are being implemented for fraud prevention protection.
- Coordinated financial review of regional water line audit, Cape Vincent Audit and Analysis producing a financial rebate to the RWL users.

SOLID WASTE

- Wetlands mitigation planning was completed and a Joint Permit Application was submitted to the US Army Corps of Engineers and New York State Department of Environmental Conservation (NYS DEC)
- Completed the first solid waste composition study for the region, documenting high percentages of recyclables and compostable materials; data to be basis of regional comprehensive materials management plan
- Completed and implemented a revision of the landfill hauler access permit system, incorporating new safety rules, operational requirements, special service charges and waste diversion requirements
- Finalized design for construction of landfill Cells 10 and 11, secured NYS DEC approvals, solicited and evaluated bids, and awarded contracts for construction

- Modified the Deer Management Plan to incorporate a disabled hunter program in conjunction with NYS DEC and local sportsmen's clubs
- Commenced the development of the first regional comprehensive materials management plan with the four partners. The multi-year plan reflects the Authority's role of coordination, public education and waste diversion.
- Initiated the first regional public education campaign for recycling using a multi-media approach in all three Counties. Provided the Counties with a recycling rebate for their participation in the regional efforts.

TELECOMMUNICATIONS

- Completed the Environmental Impact Study and received a finding of No Significant Impact relative to the American Recovery and Reinvestment (ARRA) grant award.
- Bid and awarded cable purchase for Segment 6; Bid and awarded the construction contract for Segment 6; ARRA grant southern project
- Entered into agreements with Northland Networks to build a portion of Segment 6 and connect to Griffiss Business Park and completed build in SUNY IT and activated new Central Office servicing campus
- Awarded a contract for ACTION Telemedicine Network - a 49 site health care network, in central and eastern Adirondacks, worth \$9 million over four years; partnered with five regional CLEC's fostering enhanced relationships with local CLEC's.
- Increased customer billings annualized at 4.7% over prior year; exceeded \$5 million again; signed new customers – National Grid and Native Optical Communications. Generated savings of in excess of \$1.5 million with fiber purchase and swap agreements.
- Continued conversion to GIS, completing engineering drawings in GIS for the first time and approved by New York State Department of Transportation. Completed GIS data gathering for Segments 6, 8 and 10 ARRA project.
- Assisted Intellifiber with major fiber outage; added their entire capacity for the North Country in our network in less than one day, maintained essential business services throughout the region.

WATER QUALITY

- Expanded services with the addition of Village of Clayton management services contract, hiring an additional 3A operator for the Authority

- Increased municipal assistance capabilities with purchase of water leak correlator and computerized valve tester. Conducted closed circuit TV sewer work for Town of LeRay, Town of Champion, and Route 3.
- Prepared security vulnerability analysis for Homeland Security related to gaseous chlorine. Assisted Environmental Protection Agency (EPA) with inspection of Process Safety Management (PSM) related to gaseous chlorine. Organized a training/drill session with North Pole Fire Department and local emergency hazmat team.
- Completed first external audit of the Village of Cape Vincent relative to the regional water line purchases; secured positive adjustments for two years; established capital and operating reserves; and concluded with fund balance rather than annual deficit due to revised billing system for fixed costs.
- Continued installation of 450 new water meters in Rutland Water District which allows for remote radio readings; trained Authority personnel in operations.

OUTSTANDING ISSUES

The Authority has a number of issues which, by their nature, are multi-year endeavors. These issues potentially affect the operations of the Authority dependent upon the eventual outcomes. All of these issues have been previously identified to the Board.

- Modification of the Air Quality Permit for the addition of generating units at the Landfill-Gas-To-Energy facility. Pending NYS DEC and EPA approvals.
- Negotiations of an agreement with Acciona, St. Lawrence Wind, to co-locate a 115 KV transmission line in the regional water line right-of-way.
- Finalizing work agreements and permits for the extension of the Telecommunications Network into the Adirondack region.
- Declining volumes of solid waste for disposal
- Declining volumes of water sales to US Army

PLANNED ACTIONS

The Authority's projects are normally multi-year due to the size and scope of the regional investments. The following initiatives were planned last year, budgeted, initiated, and are in various phases of progress.

1. Army Sewer Line – South Post Line Expansion

The project will be completed through the design phase and then placed on hold at the request of Fort Drum.

2. **Telecommunications Network Extension**
The first priority was the southern extension which is currently under construction and will be completed within the year. The eastern sectors are in design and specification for bidding within the year.
3. **Regional Water Line – Fourth Filter**
The US Rural Development has granted a long-term, low interest loan making the project more affordable to ratepayers. The municipalities on the regional water line voted to proceed with the project, which is currently in design.
4. **Solid Waste Facility – Southern Expansion**
The planned expansion of the Solid Waste Facility continued to advance with the submission of a Joint Permit Application to the US Army Corps of Engineers and the NYS DEC, for federal wetlands permits. The submission is pending public comment and agency approvals. The Environmental Impact Study will commence this year.
5. **Drum Country – Regional Marketing** - Completed
6. **25th Anniversary Recognition** - Completed
7. **Regional Comprehensive Solid Waste Management Plan**
The Counties have been working with the Authority to develop a draft regional plan. Cooperation and progress continues with plan adoption and submission anticipated this year.
8. **Telecom Enhanced Connectivity**
The Authority is working closely with St. Lawrence Internet Company (SLIC) to extend broadband access throughout St. Lawrence County. This partnership will extend last mile coverage. A similar arrangement is being pursued with Frontier Communications for Lewis County communities.
9. **Back Office Centralization**
This past year there was an effort to standardize and centralize certain human resource functions. This shall continue. The development of a revised procurement policy will initiate a greater role for finance in centralized purchasing. The cross training of personnel in a computerized maintenance management system and asset management are also steps to a centralization of back office function.
10. **Exploration of Health Care Facilities**
The community has developed a strategy for the construction of assisted living and long-term care capacity. The Authority's role included participation financing for a private assisted living facility. It is also anticipated the Authority may be involved with the City of Watertown in a planned development for the former Mercy facility or Mercy site.

CHALLENGES AND OPPORTUNITIES

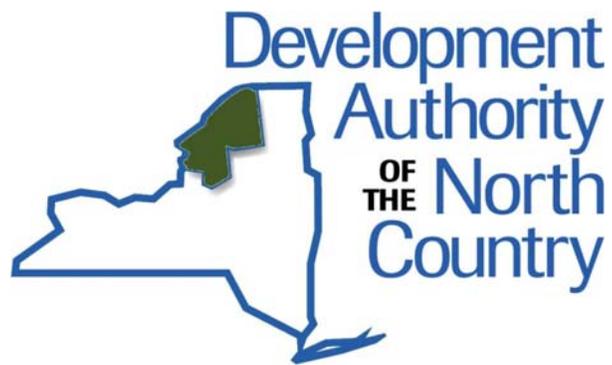
1. The need for **Fort Drum Housing** will continue. The Authority will play a leadership role in planning and financing affordable housing and market housing. It recognizes its role as the predominant regional facilitator of affordable housing for the indigenous population.
2. The responsibility for a broader **materials management policy** will challenge the Authority in its endeavor to initiate greater recycling goals including organic waste and composting alternatives. Coordination and participation of the partners will be critical to success.
3. The budget reflects a second consecutive year of significant premium increases for **health insurance**. The executive management believes the Authority and its workforce can be better served and will issue a competitive proposal.
4. The concept of **shared services** and **municipal partnerships** has been gaining interest as the availability of revenues has decreased. The Authority should position itself to take advantage and foster more shared services agreements with local municipalities.
5. The Authority has a strong involvement in **technical services to municipalities** through both the Engineering Division and Community Development Division. The Authority should make greater effort to market these services to the region's municipalities, including technical service conferences sponsored by the Authority.
6. The original twenty year **water contract** between the Authority and the City of Watertown for the provision of Fort Drum water has expired. The contract is under negotiation with the City and also being audited by the Army.
7. The **Trudeau Institute** in Saranac Lake, a world renowned research institute, has requested State assistance for high speed broadband services. Senator Little has requested the Authority assistance in retaining the Institute in New York.
8. The Authority has proposed a new partnership with the **Tug Hill Land Trust** for the monitoring of the Authority's onsite wetland preservation as part of its Joint Permit Application.
9. The Authority should explore the opportunities for cost savings and **shared services** within the **education system**. Alternative uses of distance learning and telecommunication could be of assistance to schools in the region.
10. There are areas in the region which have inadequate **cell tower coverage**. With the increased utilization of cell phones and other communication devices, the region is at a disadvantage with inadequate cover. The Authority should explore the possibilities of a private-public partnership to increase cell tower deployments.

CONCLUSION

The Authority concludes the year 2010-2011 with a high degree of momentum carrying it forward into the new year. Major capital projects combining over \$20 million in capital investments have been planned and are commencing. These projects will strongly position the Authority for its future responsibilities.

Respectfully submitted,

James W. Wright
Executive Director



MISSION, MEASUREMENTS, AND PRINCIPLES STATEMENT

Our Mission

The mission of the Development Authority of the North Country is to serve the common interests of Jefferson, Lewis and St. Lawrence Counties by providing technical services and infrastructure, which will enhance economic opportunities in the region and promote the health and well being of its communities.

Performance Measurements

April 1, 2010-March 31, 2011

Meet or exceed Federal, State and local regulatory requirements.

- Satisfactorily completed all required compliance review
- Improved Petroleum Bulk Storage Internal Controls/Audit
- EPA agreement in principle; 1st single source, Joint Air Quality Permit in NYS
- Complied with all ARRA verification of Davis-Bacon requirements
- NYSDEC – PBS inspection – Warneck Pump Station – “compliant”
- HOME Program performance review – no performance concerns
- NYSDEC – Storm Water Inspection – SWMF – Improved to good

Meet or exceed Federal, State and local safety requirements.

- Initiated internal program of safety inspections
- Completed all safety inspections and appropriate corrective actions
- Establish Safety Matrix and Compliance Plan

Operate transparently and with accountability to partners and general public.

- Broadcast 100% of Committee/Board Meetings
- Post all minutes, policies and financial reports to website
- Complete all required reporting
- Published and posted public complaint policy and forms
- Published/posted 25th Anniversary Report
- Adopted 14 new written policies; revised 3 existing and posted all to website
- Maintained PSC tariff which discloses all tariff rates and standard items
- Financial audit for the year ending March 31, 2011 resulted in the Auditors issuing a favorable opinion with no findings noted

Practice environmental stewardship throughout all operations.

- Established Engineering and Environmental Division
- Established Pesticide Use Policy
- Established Environmental Compliance Matrix
- Established Environmental Compliance Plan
- Established Green Cleaning Products Use Policy
- Established Universal Waste Management Plan

Provide value-added services to communities through competitive rate structures.

- Maintained tipping fees for solid waste
- Increased water quality contracts – Edwards, Clayton, St. Lawrence County fair
- Increased Telecommunications circuits throughout region
- Expanded connectivity between North Country and SUNY Institute of Technology
- Maintained service to North Country during Intellifiber outage

Manage the Authority's assets in a prudent and fiscally responsible manner.

- Increased the use of competitive proposals for professional services
- Implemented cost saving policies for vehicles, cells phones, health insurance
- All Authority investments are fully collateralized and invested pursuant to a conservative Investment Policy
- The Authority issued a Request for Proposal for banking services. This request maximized Authority earnings while minimizing costs.
- EFC Refinancing of Solid Waste Management Facility will result in a savings of approximately \$183K
- Monitoring server usage and using the data to assist in the consolidation of servers using Virtualization

Lead in application of technology in the operation of our infrastructure.

- Continued investment in SCADA/GIS
- Initiate assessment study of Electronic Content Management System
- Deployed web-based GIS
- Upgraded our data network from a 1.25 Gbps network to a 10 Gbps network
- To provide additional capacity from Syracuse to Watertown, Dense Wavelength Division Multiplexing Equipment was added allowing 10 times the existing capacity in that area