

**STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER**

**Budget Request for Hudson River-Black River Regulating District for fiscal year ending  
06/30/2017**

Legal Authority: "Budget and Financial Plan Format, Supporting Documentation and Monitoring – Public Authorities" (2 NYCRR, Part 203)

PUBLIC AUTHORITY NAME & ADDRESS: Hudson River-Black River Regulating District  
350 Northern Boulevard  
Albany, NY 12204

BOARD APPROVAL DATE: June 9, 2015

FISCAL YEAR START DATE: July 1, 2017

PREPARED BY: Richard J. Ferrara

TITLE: Chief Fiscal Officer

PHONE NO.: 518-465-3491

E-MAIL ADDRESS: rferrara@hrbrrd.com

SIGNATURE: \_\_\_\_\_

DATE: April 25, 2017

1. The budget and financial plan shall be accompanied by all requirements listed in Section 203.6 of 2 NYCRR, including:
  - a. an explanation of the public authority's relationship with the unit or units of government, if any, on whose behalf or benefit the authority was established;

The Regulating District's mission is to comply with its enabling statute ([Article 15 Title 21 of the Environmental Conservation Law](#)) to:

- Formulate policy for watershed management
- Operate and maintain reservoir facilities
- Regulate water flow from reservoirs to minimize flooding during periods of high water flow
- Augment river flows to maintain water quality during low flow periods
- Operate a data-gathering system for precipitation, stream flow, snow depth and flood conditions
- At Great Sacandaga Lake maintain specific reservoir levels in accordance with the [Upper Hudson/Sacandaga Offer of Settlement](#)
- At Indian Lake, Stillwater Reservoir, Old Forge and Sixth Lake provide storage during period of high flow and augment naturally occurring low flows
- Maintain a sound financial status for maintenance of Regulating District facilities
- Promulgate rules and regulations necessary to fulfilling its mission

The Regulating District has four main revenue sources:

- i. Statutory Beneficiaries (Hudson River Area, Black River Area, NYS Share): In accordance with the Regulating District's enabling statute ([Article 15 Title 21 of the Environmental Conservation Law](#)), the Regulating District annually assesses its operation and maintenance expenses, including property taxes, amongst the beneficiaries of record.
- ii. Hydroelectric Site Agreements (Hudson River and Black River Areas): The Regulating District receives revenues from hydroelectric site agreements that grant certain hydroelectric generators the right to use State-owned land, head and/or water rights for the production of hydroelectric power. The Regulating District is presently a party to two such agreements; one at the Conklingville Dam in the Hudson River Area and the other at the Stillwater Dam in the Black River Area.
- iii. Great Sacandaga Lake Permit Fees (Hudson River Area only): The Regulating District collects an access permit fee for use of a portion of the State-owned buffer zone encompassing the Great Sacandaga Lake.
- iv. Headwaters Benefit fees (Hudson River Area only) pursuant to Section 10f of the Federal Power Act. Fees, which are set by FERC, are payable by each hydro-electric licensee upon satisfaction of refunds in certain cases.

- b. a description of the budget process, including the dates of key budget decisions;

**See Exhibit 1 Attached: Budget Development Schedule**

- c. a description of the principal budget assumptions, including sources of revenues, staffing and future collective bargaining costs, and programmatic goals;
  - a. Principal Budget Assumptions
    - i. Annual revenue sources limited to Statutory & Federal 10f Beneficiaries (\$4.39MM), hydropower agreements (\$1.36MM) and the Districts Permit System (\$412K).
    - ii. Staffing: Static environment
    - iii. Programmatic Goals – N/A
- d. a self-assessment of budgetary risks;
  - i. Risks are largely a function of our enabling legislation, which requires a 3-year plan. Despite the stability of operations, two of the District’s largest statutory beneficiaries have commenced Article 78 proceedings against the District challenging the authority to apportion costs. There is a pending settlement with one of the two. Effect of a negative ruling could seriously impact the Districts ability to operate.
- e. a revised forecast of the current year’s budget;

**See Attached: Actual Performance\_2016\_2017\_Current\_Budget\_Forecast**

- f. a reconciliation that identifies all changes in estimates from the projections in the previously approved budget or plan; **N/A**
- g. a statement of the last completed fiscal year’s actual financial performance in categories consistent with the proposed budget or financial plan;

**See Attached: Actual Performance\_2016\_2017\_Current\_Budget\_Forecast**

- h. a projection of the number of employees, including sources of funding, the numbers of full-time and full-time equivalents, and functional classifications;
  - a. 21 employees  
20 fulltime – 1 part time
  - b. 12 CSEA Union (clerical/blue collar)
  - c. 9 Management/Exempt
  - d. Funding Source is primarily Beneficiary assessment
- i. a statement of each revenue-enhancement and cost-reduction initiative that represents a component of any gap-closing program and the annual impact on revenues, expenses and staffing; - **2010 Headcount reduction remains largely in place.**
- j. a statement of the source and amount of any material non-recurring resource that is planned for use in any given fiscal year; - **N/A**

- k. a statement of any transactions that shift material resources from one year to another and the amount of any reserves; - **N/A**
  
- l. a statement of borrowed debt projected to be outstanding at the end of each fiscal year covered by the budget or financial plan; the planned use or purpose of debt issuances; scheduled debt service payments for both issued and proposed debt; the principal amount of proposed debt and assumed interest rate(s); debt service for each issuance as a percentage of total pledged revenues, listed by type or category of pledged revenues; cumulative debt service as a percentage of available revenues; and amount of debt that can be issued until legal limits are met; and – **See Debt Service Document**
  
- m. a statement of the annual projected capital cost broken down by category and sources of funding, and for each capital project, estimates of the annual commitment, total project cost, expected date of completion and the annual cost for operating and maintaining those capital projects or capital categories that, when placed into service, are expected to have a material impact on the operating budget. – **See attached Capital Plan**

**NOTE:** In accordance with Section 203.8 of 2 NYCRR, the public authority must inform the State Comptroller in writing at any point during the fiscal year when the chief financial officer learns of the potential financial impact of any adverse development that would materially affect the budget or financial plan. – **N/A**

**Hudson River-Black River Regulating District  
Annual Public Authority Budget & Financial Plan Request 6/30/2017**

e. a revised forecast of the current year's budget;

g. a statement of the last completed fiscal year's actual financial performance in categories consistent with the proposed budget or financial plan;

	Budget FY 6/30/2016	Actual 6/30/2016	Forecast Projected FY 6/30/2017	Budget FY 6/30/2018	Proposed FY 6/30/2019
<b>Operating Revenue:</b>					
Assessments	\$ 4,998,995	\$ 8,071,411 (2)	\$ 5,417,745	\$ 5,018,371	\$ 5,109,861
Water Power Service	1,280,514	1,385,585	1,319,662	1,358,497	1,399,252
Permit Fees	412,000	434,103	418,632	412,000	412,000
<b>Total Operating Revenue</b>	<b>\$ 6,691,509</b>	<b>\$ 9,891,099</b>	<b>\$ 7,156,039</b>	<b>\$ 6,788,868</b>	<b>\$ 6,921,113</b>
<b>Operating Expenses:</b>					
Salaries	\$ 1,454,781	\$ 1,428,144	\$ 1,504,686	\$ 1,561,907	\$ 1,593,145
Payroll Taxes	150,010	120,590	131,590	158,135	161,298
Pension	349,281	-110,380 (3)	319,108	311,990	318,230
Health Ins & Other Employee Benefits	797,465	1,540,254 (1)	1,554,496 (1)	932,330	950,977
Real Estate Taxes	2,895,951	2,235,975	2,804,399	3,016,507	3,076,837
Depreciation		232,459			
Insurance	200,000	187,702	193,823	212,334	216,581
Engineering Fees	216,000	261,585	27,251	100,000	102,000
U.S. Geological Survey Contract	106,770	65,425	107,890	110,257	112,462
Rent	47,705	47,343	28,172	48,987	49,966
Utilities	36,250	25,585	32,455	37,874	38,632
Telephone/Data	37,846	40,693	41,506	37,846	38,603
Travel	28,412	28,052	28,021	33,977	30,134
Repairs and Maintenance	11,725	19,333	13,732	14,206	12,450
Professional Fees	84,600	107,484	88,000	112,718	89,370
Postage	5,967	7,261	4,730	6,230	6,355
Office Expense	10,733	2,516	10,370	13,739	16,983
Minor Equipment, Material and Supplies	28,625	50,809	62,030	43,860	43,860
Miscellaneous	45,337	133,426	80,187	8,252	8,252
Capital Improvements	234,555	0	51,316	(36,500)	292,858
Erosion Control/Maintenance	16,000	7,262	9,000	16,646	16,979
<b>Total Operating Expenses</b>	<b>\$ 6,758,013</b>	<b>\$ 6,431,520</b>	<b>\$ 7,092,762</b>	<b>\$ 6,741,296</b>	<b>\$ 7,175,973</b>
<b>Non-Operating Revenues (Expenses):</b>					
Interest and Dividend Income	1,000	\$ 22,414		1,000	1,030
Miscellaneous Income	105,000	22,602	(103,053)	30,001	336,748
Realized and Unrealized Loss on Investments					
Settlement Expense		-			
Unappropriated Funds				299,850	299,850
<b>Total Non- Operating Revenues (Expenses)</b>	<b>\$ 106,000</b>	<b>\$ 45,016</b>	<b>\$ (103,053)</b>	<b>\$ 330,851</b>	<b>\$ 637,628</b>
<b>Debt Service</b>		\$ -	\$ -	\$ 375,263	\$ 382,768
<b>Surplus/(Deficit):</b>	<b>\$ 39,495</b>	<b>\$ 3,504,595</b>	<b>\$ (39,776)</b>	<b>\$ 3,159</b>	<b>\$ (0)</b>

**Footnote:**

- (1) Includes Annual OPEB and Net OPEB pursuant to GASB 45
- (2) Reflects current and past due FERC Headwater fees back to 2009
- (3) Reflects GASB 68 adjustments.

## Statement of Debt – 15-18 Budget Cycle

l.) a statement of borrowed debt projected to be outstanding at the end of each fiscal year covered by the budget or financial plan; the planned use or purpose of debt issuances; scheduled debt service payments for both issued and proposed debt; the principal amount of proposed debt and assumed interest rate(s); debt service for each issuance as a percentage of total pledged revenues, listed by type or category of pledged revenues; cumulative debt service as a percentage of available revenues; and amount of debt that can be issued until legal limits are met.

### **Planned Use of Debt issuances:**

Debt issued is to cover the cost of four (4) capital structure projects, 1) Conklingville Dam Spillway Reconstruction and 2) Hawkinsville Dam Remediation, 3) Indian Lake Dam Reconstruction, 4) Old Forge Dam Reconstruction.

### **Scheduled Debt Service Payments – see amortization tables.**

### **Debt Service for each issuance as a percentage of total pledged revenues**

	<u>Revenue</u>	<u>Total Debt Limit</u>
a. Conklingville Dam Spillway Reconstruction - 4.5%	\$5,860,034.00	\$5,325,867.00
b. Hawkinsville Dam Remediation – 8.4%	\$1,151,618.00	\$1,249,098.00
c. Indian Lake Dam Reconstruction – 1.0%	\$5,860,034.00	\$ 720,000.00
d. Old Forge Dam Reconstruction – 4.6%	\$1,151,618.00	\$ 640,000.00

**Cumulative Debt % - 2.8%**

CLEAN WATER STATE REVOLVING FUND

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HUDSON RIVER-BLACK RIVER REGULATING DISTRICT, the Recipient

and

NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION

PROJECT FINANCE AGREEMENT

(SHORT-TERM FINANCING PROGRAM)

STATE REVOLVING FUND PROJECT NO.: C5-5601-01-00

Dated as of June 8, 2017

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II. TERMS SHEET – CW SHORT TERM MARKET RATE FINANCING 1 17

The EFC attorney is: George Cholakis  
The Loan Development analyst is: Nick Adams

Principal Forgiveness?   No  

A. The Recipient

The Recipient is the HUDSON RIVER-BLACK RIVER REGULATING DISTRICT located in Albany County. Its address is 350 Northern Boulevard, Suite 304, Albany, NY 12204.

Its chief fiscal officer is Richard J. Ferrara whose title is Chief Fiscal Officer.  
Its attesting officer is Mary K. Buff, whose title is Clerk.

B. The Financing

The State Revolving Fund Project Number is C5-5601-01-00.  
The maximum principal amount of the Financing is \$3,064,067.00 (THREE MILLION SIXTY FOUR THOUSAND SIXTY SEVEN AND 00/100 DOLLARS).

The closing date is June 8, 2017. —

The note matures on June 8, 2020.

The MMD Date is: May 4, 2017

— The MMD Rate is: 0.86%

— The EFC SMRF rate is: 1.06%

The first principal payment date is June 8, 2019.

First annual interest payment date is on December 1, 2017

Second annual interest payment date is on June 1, 2018

The Period of Probable Usefulness is: 40

Estimated Principal Payment Amount is: \$61,282.00

The amount of the principal payment was calculated by the factor of 2.000%.

Reason for Principal Payment Date if different from 1 yr from last PP or 2yrs from 1<sup>st</sup> debt: N/A

C. Authorization for the Financing

The governing body of the Recipient is its Board of the District.

It passed the bond resolution on January 7, 2015.

The amount authorized by the bond resolution is \$3,246,867.00.

D. Third Party Funding

None.

New Money Wire Transfer Account Information

Name of Bank: Bank of America

Bank Address, City, State, Zip: 70 Batterson Park Rd., Farmington, CT 06032

Contact Name: Violet Brissett

Bank Phone: 866-222-1949 x 2722

Bank Fax: 704-208-2742

Bank ABA #: 021300019

Account Name: General Fund Account

Account #: 006010303379

Borrower Fed Tax ID #: 14-6000486



**Hudson River-Black River Regulating District  
Budget Development Schedule  
Fiscal Years 2015-16, 2016-17, 2017-18**

<u>Activities/Deliverables</u>	<u>Respon</u>	<u>Target Date (MMM/YYYY)</u>
Strategic Budget Planning Sessions		
➤ Staffing/Head Count Plan around Mission	ED/Fin Chair/Sr. Staff	Nov - 2014
➤ Determine Revenues		
○ Assessments		
○ Water Power		
○ Interest		
○ Est. Permit System Costs		
○ Other		
➤ Capital Plan	ED/Fin Chair/Sr. Staff	Nov - 2014
○ Engineering & Construction		
○ Debt issuance		
➤ Reserve Utilization - N/A		
➤ Major non-capital line items		
○ Salaries/Benefits, Legal Services, Other Consulting, Data/Voice		
Finalize Budget Development Schedule	ED/Sr. Staff	Nov - 2014
Adopt Budget Development Schedule	Finance Committee	Dec – 2014 Board Mtg
Distribute Budget Worksheets to Sr. Staff	CFO	Dec - 2014
Submit Budget Worksheets to CFO	Sr. Staff	Jan - 2015
Finalize Capital Budget	Finance Chair/CFO/Staff	Feb – 2015
Produce 1 <sup>st</sup> Budget Draft	ED/CFO	Feb - 2015
Continue to Refine Budget	Sr. Staff	Feb - 2015
Review Refined Budget Draft	Finance Chair/ED/Sr. Staff	Feb – 2015
Status Report to Boards Finance Committee (Present initial Draft)	CFO	Mar – 2015 Fin Comm. Mtg
Produce Final Budget Draft	CFO	Mar - 2015
Adopt Proposed Budget	Finance Comm./ED/CFO	May – 2015 Fin Comm. Mtg
Adoption of 3 Year Budget	Board	Jun – 2015 Board Mtg

RESERVOIR FACILITY MAINTENANCE, REPAIR, ENGINEERING & OPERATION BUDGET 2015 - 2018

FINAL DRAFT

Hudson River Area

Bonded Projects #1

6/12/2015 11:18

Bonded Projects #2

Category	Item	2015-2016	2016-2017	2017-2018	Comments	Work Schedule
<b>Training/Education</b>	Engineering Staff Training	\$ 6,000	\$ 6,000	\$ 6,000		
<b>Engineering Studies</b>						
	Conklingville					
	Supplemental Geotechnical - Phase II Engineering	\$ 81,000			\$96K total (\$15K in '12-'15)	
	Spillway Reconstruction					
	Grouting		\$ 20,000			Hire consultant July 2016
	Resurfacing			\$ 50,000		
	Warning Sirens					
	Engineering/Survey					Hire consultant July 2016
	Indian Lake					
	Reconstruction				unknown at this time - pending study	
	Post-tension anchors	\$ 20,000				
	Grouting	\$ 10,000				
	Inlet gates	\$ 5,000				
<b>Construction &amp; Capital Improvement</b>						
	Conklingville					
	Supplemental Geotechnical Phase II Subsurface Investigation					Bid: March 2015; Const. August 2015
	Spillway Reconstruction					
	Ice Sluice		\$ 1,047,685		Ice sluice, spillway, foundation grouting	Bid: Feb 2015; Const. July 2015
	Grouting			\$ 1,060,354		Bid: Feb 2017; Const. July 2017
	Resurfacing					Bid: Feb 2018; Const. July 2018
	Construction Observation	\$ 92,000		\$ 73,000		
	Warning Sirens					
	Construction				Supplement 09-12 Warning Siren budget of \$300,000	Bid: Feb 2018; Const. July 2018
	Construction Observation					
	Indian Lake					
	Reconstruction				unknown at this time - pending study	
	Post-tension anchors			\$ 300,000		
	Grouting			\$ 240,000		
	Inlet gates			\$ 180,000		
	Piezometers					
<b>Maintenance/Repair</b>						
	Conklingville					
	Indian Lake					
	SFO					
	Office Roof Replacement	\$ 30,000				
<b>Miscellaneous Equipment</b>						
	Conklingville					
<b>Security</b>						
	Conklingville					
<b>Safety</b>						

RESERVOIR FACILITY MAINTENANCE, REPAIR, ENGINEERING & OPERATION BUDGET 2015 - 2018

FINAL DRAFT

Hudson River Area

Bonded Projects #1

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Bonded Projects #2

Category	Item	2015-2016	2016-2017	2017-2018	Comments	Work Schedule
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Conklingville

Annual Total		\$ 244,000	\$ 1,073,685	\$ 1,909,354		
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Budget Total				\$ 3,227,039		
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GB		\$ 6,000	\$ 6,000	\$ 6,000		
Conklingville		\$ 1,220,685	\$ 20,000	\$ 1,183,354		
Indian Lake		\$ 35,000		\$ 720,000		
SFO		\$ 30,000				
		\$ 1,291,685	\$ 26,000	\$ 1,909,354		
				\$ 3,227,039		

RESERVOIR FACILITY MAINTENANCE, REPAIR, ENGINEERING & OPERATION BUDGET 2015 - 2018

FINAL DRAFT

Black River Area

Bonded Projects #1

6/12/2015 11:18

Bonded Projects #2

Category	Item	2015-2016	2016-2017	2017-2018	Comments
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Training/Education

Engineering Studies

Stillwater	7th Part 12 Safety Inspection	\$ 25,000			
Sixth lake					
Old Forge					
Hawkinsville	Engineering Assessment -			\$ 50,000	

Construction & Capital Improvement

Stillwater	Refueling Station	\$ 8,000			250 gal gas & diesel; containment, pumps; fire supression
	DCP		\$ 5,000		
	Security Surveillance Camera	\$ 2,000			real-time observation
	Resurface Bridge -Necessary Dam Rd		\$ 5,000		resurface/seal concrete roadway
	Garage	\$ 60,000			estimate - not bid price
	Mower	\$ 6,000			John Hodgson inclusion
Sixth Lake	Seal Driveway	\$ 3,000			John Hodgson inclusion
	Reconstruction				15-'18 budget / discharge capacity - to DEC Regs
	Final Design Engineering	\$ 75,000			
	Construction				Increase spillway discharge capacity / improve d/s slope stability (anticipated to begin July 2018)
	Construction Observation				
Old Forge	Security Surveillance Camera	\$ 2,000			real-time observation, non capitalized item
	Reconstruction				
	Alternatives Study	\$ 25,000			Study remediation alternatives / discharge, strengthening
	Final Design Engineering	\$ 35,000			Selected alternative design
	Construction			\$ 600,000	concrete repair & resurfacing, replace 24" gate
	Construction Observation			\$ 40,000	improve spillway stability, add spillway capacity
Hawkinsville	DCP		\$ 5,000		
	Security Surveillance Camera	\$ 2,000			real-time observation, non capitalized item
	Dam Reconstruction / Spillway Remediation				
	Phase II Engineering	\$ 69,500	\$ 15,000		
	Construction		\$ 800,000		embankment, spillway, outlet gate
	Construction Observation		\$ 60,000		

Maintenance/Repair

Stillwater

RESERVOIR FACILITY MAINTENANCE, REPAIR, ENGINEERING & OPERATION BUDGET 2015 - 2018

FINAL DRAFT

Black River Area

Bonded Projects #1

6/12/2015 11:18

Bonded Projects #2

Category	Item	2015-2016	2016-2017	2017-2018	Comments
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	Repair Gatehouse roof	\$ 10,000			contracted work
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	Trash Rack Cleaning	\$ 5,000		\$ 5,000	
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Sixth Lake

Old Forge	Trash Rack Cleaning	\$ 5,000		\$ 5,000	
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Hawkinsville

Miscellaneous Equipment

Stillwater

Security

Stillwater	Security Surveillance Camera	\$ 3,000	\$ 3,000	\$ 3,000	internet connection at facilities /annual, non capitalized items
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Safety

Stillwater	Underwater surveillance camera	\$ 2,000			real-time observation, non capitalized item
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Annual Total		\$ 337,500	\$ 893,000	\$ 703,000	
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Budget Total				\$ 1,933,500	
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