

11 June 2013

MEMORANDUM

From: Manager
To: Board of Trustees

Subj: **MANAGERS REPORT & MINUTES FOR THE TRUSTEE MEETING 28 MAY 2013**

The Board of Trustees convened at 1900 hrs. In attendance: Trustee Pinkham, Boothbay Harbor; Trustee Gamage, Southport; Trustee Marston, At-Large; Trustee Reed, Boothbay Harbor; Trustee Climo, Southport; Trustee Lewis, Boothbay; Jonathan Ziegler, Manager. Guest: Mr. Jeremy "Hank" Farrah, CPA, Runyon, Kersteen & Ouellette; Ms. Lisa Kristoff, Boothbay Register. Absent: Trustee Carter, Boothbay (Clerk).

1. The minutes of the 14 May 2013 trustees meetings were approved with revisions.
Trustee Reed motioned, Trustee Gamage second, vote: unanimous
2. The **Payroll** for 14 May 2013, 30 April 2013 & 21 May 2013 were approved.
Trustee Gamage motioned, Trustee Marston second, vote: unanimous
3. The **Transactions** for the period of 13 May 2013 to 21 May 2013 were approved.
Trustee Marston motioned, Trustee Climo second, vote: unanimous
4. Mr. Farrah provided the board with the **2012 Audit** findings. The report was favorable in that the district's accounting procedures and financial process were much improved from 2011 and that no significant deficiencies were noted. Mr. Farrah explained to the board that some minor deficiencies, particular with handling of cash, existed but that because of the size and staffing of the district, were unlikely to be corrected. However, because accounting was moved to an outside firm, some deficiencies from the past due to staff size were eliminated.
5. The manager reported new information concerning the status of the **Cell Tower initiative for Mt. Pisgah Standpipe**. The manager had just returned from a meeting of the Boothbay Harbor Zoning Board of Appeals which earlier in the evening had unanimously approved the application by ATT to establish a tower on the Mt. Pisgah Standpipe. The manager informed the board that it was ATT's intention to establish service as soon as possible and that he would keep them informed as to progress.
6. The manager provided the board a copy of the budget performance to-date, through the month of April in his **Financial Update**. The manager apologized to the board for not providing this document to them in advance and would do so in the future. The manager answered questions as to line item balances and noted that some accounts were being incorrectly charged with expenses, a matter he would be working with Osman Page to correct. However, from the broad view the district had received, through the month of April, \$992,444.41 in total revenue and expended \$745,755.51 which maintained a solid cash position.

The manager next informed the board of the pay request for the Mt. Pisgah Standpipe project for the sum of \$143,500.00 for Marcel Payeur Inc. painting and rehabilitation services and \$25,900.00 for Quality Installations Inc. for the PAX mixing system and its installation, totaling \$169,400.00. The manager stated that he had exercised the line of credit from The First for this amount placing that sum in the district's sweep account, thereby explaining both bills in the present warrant. Trustee Gamage inquired as to why this project was being paid for under a line of credit while other projects were not. The manager explained that the board had set a policy with the adoption of the most recent version of the Master Plan limiting out-of-pocket projects to pre-construction cost estimates of less than \$100,000.00, known as "Pay-Go", while project's in excess of that amount were to be leveraged either through the short-term line of credit or long-term bonds, depending on size and scope. The manager then answered that this was a short-term obligation which he expected to be paid off within five-years.

7. The manager next reported on the district's **Watershed Protection** program. The manager stated that concurrent to this meeting, New England Water and Wastewater Training Associates (NEWWTA) were presenting a session on Phosphorous Control to Boothbay public officials at the town of Boothbay offices. The manager stated he would investigate the response from the town and report back at the next meeting. The manager also provided the meeting minutes between the town of Boothbay, district and NEWWTA during the 3 May 2013 meeting in which the contractor was selected to assist the town of Boothbay draft new phosphorous control ordinances.
8. The manager next reported on **Safety and Training**. There were no violations or injuries to report over the previous period. All required inspections were reported to be current as well.
9. The manager provided the board with an update as to **Treatment Division** operations. Finish water flows were down, averaging 0.5519 MGD as compared to 0.7309 MGD in 2012. The manager believed there were a few reasons for this; first cooler temperatures in 2013 versus 2012, secondly, more rain leading up to Memorial Day and district crews had completed repair on many seasonal water main leaks, each and of itself small but what appeared to be a large aggregate total. The alum dosing ratio was reported down 21% as was the sodium hydroxide which was down 41% as compared to last year. The source water quality remained excellent but the manager suspected that this would not last now that the weather is warming, increase biological activity in both Adams Pond and Knickerbocker Lake. However, both the clarifiers and the filters were running at maximum efficiency

The manager then reported that Northeast Security was scheduled to arrive on 3 June 2013 and begin security camera installation. Since the 14 May 2013 meeting, Northeast Security had performed all annual testing and maintenance on all of the district's security and fire alarms and all were reported to be in excellent operating order.

The manager next reported an ingenious idea by the treatment staff who had installed the existing, and functional, Southport Tank sensor into the main at the Southport Tank to measure line pressure. This was proving to be a valuable measuring tool for line pressure, particularly helpful with the Cross Road project nearing completion. Distribution staff climbed the Mt. Pisgah Standpipe and verified mixing was occurring with the new PAX mixer. The manager also reported that he detailed the half-time operator into the treatment division for the summer because of the ongoing manpower shortage in the treatment division.

Lastly, the manager reported the treatment plant operator who had been out pursuant to the Family Medical Leave Act (FMLA) for a non-work related injury, had returned for half-days with lifting restrictions as allowed by medical direction. There existed a finite amount of meaningful light duty work which the operator was reported to be diligently attending to. The prognosis for a full recovery appeared to be good with an expected return to full duties anticipated sometime in June. The manager stated that this was imperative because the two remaining treatment operators had been on “port-starboard” on-call for over six-months in his absence and needed to be relieved of a portion of that duty.

Stultz Electric completed the repairs to raw water pump (RWP) #1 which required replacements within the VFD (controller) and electric connections within the pump itself. RWP #1 was reported to be operating within design parameters and back in service. Lastly, all of the mag meters within the plant and satellite stations had received annual service and calibrations were operating within normal parameters.

10. The manager next briefed the board on **Distribution Division** activities. Much effort by the distribution division was expended clearing delinquent job orders and chasing down, and correcting a preponderance of seasonal water main leaks.

The manager then informed the board of a Pay-Go project that he believed needed to be added to the annual post-Labor Day project list. The manager explained that a worsening water quality issue on Campbell Street in Boothbay Harbor was developing due to an ancient “dead-end” which was causing declining water quality to the customers it served. Because of the design it was virtually impossible to flush. To correct the issue the manager proposed a 660-foot loop from the existing northerly terminus on Campbell Street to the 16” Mt. Pisgah trunk line. By doing so this project would increase the fire flow south along Atlantic Avenue, improve water quality and eliminate many troublesome customer complaints related to sub-standard water quality. After discussion by the board the manager was instructed to propose the project, with cost estimate in his proposed 2014 Budget for trustee consideration, possibly deferring the Eames Road project to 2015.

11. The manager provided the board with an update on the **Southport Merger**. The manager requested permission to begin the closing procedures so that final turnover of assets and liabilities from the Southport Water System to the Boothbay Region Water District could take place and the Southport Water System could be closed out. The manager cited accounting and Maine Public Utility Commission (PUC) requirements as well as need by the United States Department of Agriculture, Rural Development (RD) requirements which were now hindering the grant application for the Southport Interconnection and Tank Replacement Project. Trustee Gamage and Climo explained that it was cleaner to delay the final closing until the Cross Road Project was complete, but as was that project being nearly complete, the board instructed the manager to proceed with arranging the final closing.
12. The manager next reported no change in status for the **Southport Interconnection and Tank Replacement Project**. The manager displayed the sole copy of the completed and accepted environmental report that had been submitted to RD. The manager then described a conversation he had had with Mr. Mike Jenkins of RD, to the fact that RD is now using the 2010 census figures which would make it difficult for the district to receive much grant money from RD. The manager informed the board that he had contracted with Maine Rural Water Association (MRWA), working closely with Trustee Gamage, to perform an income survey in Southport to ascertain if those who will benefit from the proposed project have a sufficiently low LMI as to make the project grant eligible.

The manager then reported as of that afternoon he had received word from MRWA who had represented the district in front of RD who used a weighted average of customers, and the communities in which they lived, which gave the district a significantly low LMI, making the project now eligible for grant money. The board was pleased it did not have to perform an income survey and was happy to find that the numbers determined by MRWA on behalf of the district would keep the district grant eligible until a minimum of 2020, the date corresponding to the next national census.

13. The manager reported to the board as to the status of the **Mt. Pisgah Mixing System and Interior Recoating Project**. The manager reported that in lieu of the previously reported financial information this project was essentially complete. In August Wright-Pierce was required to return and study the stratification of water in the tank and verify that sufficient mixing was occurring limiting any nitrification or formation of disinfection by-products. Also, the manager reported that a percentage of both the painting contractor and PAX mixing contractor's contract price was being withheld for a period of one-year at which time, all systems are within design parameters, and a pay requisition will be processed for the retained amount and dispersed. The manager stated he would be removing this project from the agenda unless told otherwise. The board authorized the manager to remove the agenda item.
14. The manager reported no legislative and policy issues currently under review with the **Maine Water Utilities Association (MWUA) and Maine Rural Water Association (MRWA)**. The manager reported that he would be attending the National American Water Works Association conference from 9 June until 13 June and would provide a report at the 25 June 2013 meeting as to findings.
15. The manager reported next on the **Boothbay Comprehensive Plan Review Committee**. The manager referred to the Watershed report to summarize his activity in this area.
16. The manager reported no new information with the **Five Rivers Regional Water Council**. The board reviewed the presentation given the previous week for trustees from all water districts within the proposed council at the Taste of Maine on 20 May 2013. The manager also provided the board a copy of the proposed by-laws and asked that they consider a motion to proceed at the 11 June 2013 meeting. Trustees Pinkham, Reed and Lewis stated that the presentation and concept made sense and were impressed with the assembled water districts and the objectives of the proposed group. .
17. The manager provided the board with an update on the disposition of the **Hamrin Property**. The manager reported that the appraisal was not completed but would be available for review and public release at the 11 June 2013 meeting.
18. The manager reported on the ongoing **Rate Review**. He reported a meeting he had had with Mr. Greg Leighton and Mr. Steve Cox, Maine Water Company, on 24 May 2013 which as a result had produced a rate matrix which was disseminated to the trustees. The manager cautioned both the press and the trustees that this was "a 20,000 foot fly-over" and that "a lot could change" but with the known and proposed workload, inflation and capital improvement plans the current rate structure was very appropriate and that a rate increase would be necessary in 2018 of approximately 10.8%. Additionally, to free-up sinking fund requirements the manager, with the assistance of the Maine Water Company, was investigated bonding some of the existing debt through the Maine Bond Bank. The board instructed the manager to keep them informed.

19. The manager informed the board that the **GIS Project** was starting up after being cancelled in 2012 due to unbudgeted contractor costs which were of higher priority. The initial re-start meeting was scheduled for 6 June 2013 at Wright-Pierce in Topsham, Maine.
20. The board voted to go into executive session pursuant to 1 M.R.S.A. §405(6) C at 2009 hr.
Trustee Climo motioned, Trustee Gamage second, vote: unanimous
21. The board came out of executive session at 2027 hr.
Trustee Climo motioned, Trustee Gamage second, vote: unanimous
22. The meeting was adjourned at 2028 hr.
Trustee Gamage motioned, Trustee Reed second, vote: unanimous

END OF MINUTES

Respectfully Submitted,

Jonathan E. Ziegler
Manager

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