

11 March 2014

MEMORANDUM

From: Manager

To: Board of Trustees

Subj: **MANAGERS REPORT & MINUTES FOR THE TRUSTEE MEETING 25
FEBRUARY 2014**

The Board of Trustees convened at 1800 hrs. In attendance: Trustee Pinkham, Boothbay Harbor (Chairman); Trustee Gamage, Southport (Vice-Chairman); Trustee Marston, At-Large (Trustee); Trustee Reed, Boothbay Harbor (Clerk); Trustee Climo, Southport; Trustee Lewis, Boothbay; Jonathan Ziegler, Manager. Guest: None. Absent: Trustee Carter, Boothbay.

1. The minutes of the 11 February 2014 trustees meetings were approved with revisions.
Trustee Gamage motioned, Trustee Marston second, vote unanimous
2. The **Payroll** for weeks ending 11 February 2014 & 18 February 2014, were approved.
Trustee Gamage motioned, Trustee Climo second, vote: unanimous
3. The **Transactions** for the period of 10 February through 21 February 2014 was approved.
Trustee Climo motioned, Trustee Gamage second, vote: unanimous
4. **FINANCIAL REVIEW** – The manager provided the board with the January 2014 Profit & Loss Budget Performance. As of 31 January 2014 for the month and the year, the district had taken in \$61,487.97 in revenue and expended \$160,207.89 of which \$41,666.66 was depreciation leaving net cash profit of - \$118,541.23. The manager reported that billing for February is \$302,593.27 and that the cash deficit as 31 January was normal. .

The manager then reported that on 12 February 2014, he had I received the following from Osman Page, and since that time the refinancing effort was in full swing with the Maine Bond Bank.

Good Afternoon Jon,

Mo and I just discussed with Toni Reed of the Maine Bond Bank, the refinancing proposal for the BRWD. As discussed, this option seems like it would save dollars over the course of the loan in terms of interest expense and cash flow.

It would be one loan to the BRWD. The term of the loan would be layered based on the original term of the existing loan, with the exception of the loans with Rural Development that were longer than 30 years. They would need to become 30 year loans as MBB does not initiate loans with a term of more than 30 years.

In our analysis and discussion earlier, USDA loan 2010 with an annual payment of \$62,266 and a 3% life of the loan and have a negative cash flow impact of \$23,188 a year or \$695,640 over the course of the loan.

Therefore, we would recommend that BRWD move forward with the refinancing on all loans with the exception of USDA loan 2010. Even with maintaining one year's reserve for this loan it may outlays the cost benefit. First year cash flow with this option increases BRWD cash flow by \$420,856 and years 2015 -2022 would be a zero impact on cash flow whereas previously it was a negative – 25,192.

Please see analysis below:

Summary All Loans

				Recommended			
	Current	MBB	Savings	First	Savings	MBB/RD	Savings
2014	564,121	105,467	458,654	484,856	79,265	143,265	420,856
2015 to 2022	564,121	589,313	(25,192)	484,856	79,265	566,125	(2,004)
2023 to End	564,121	Declining		484,856			
Total Payment	11,643,219	11,527,791	115,428	12,121,397	(478,178)	11,269,785	373,434

The manager then informed the board that Runyon, Kersteen and Ouellette had begun the annual financial audit the previous day and that thus far no issues had been raised nor deficiencies noted. The manager did inform the board that staff and Osman Page had prepared well for the audit and all informations RKO sought was readily available.

5. **SAFETY, TRAINING & EMERGENCY RESPONSE UPDATE** – The manager reported no violations or accidents for the preceding period and all inspections remained current. The manager then reported that on 20 February 2014 all treatment and distribution personnel had completed the required forklift operators training and were all licensed.
6. **WATERSHED** – The manager informed the board that Ms. Mello was ill and her bi-monthly report was postponed until 11 March 2014.
7. **TREATMENT PLANT** – The manager reported that average flow the period was 0.2728 MGD as compared to 0.2605 MGD in 2013. Water quality and filter efficiency again remain unchanged since the previous report.

The manager then reported that all of the process meters (magnetic meters) received the annual calibration to satisfy state and federal reporting requirements.

On Saturday, 15 February 2014 Utilities Technician, Matt Wade discovered, while doing rounds that air compressor # 2 was short in operating hours. He investigated and discovered that the pump had cut out due to electrical issues. He then contacted the Chief Treatment Plant Operator (CTPO) and was authorized to contact Mid Coast Electric. As a result compressor #2 was up and running by late afternoon. The manager stated that this was an observant catch by a junior operator and informed the board that he had reinforced with Mr. Wade a job well done.

The finish water chlorine analyzer experienced a malfunction with its sensor rendering it inoperable. As a result, treatment staff had to revert to manual testing of finish chlorine levels until Sullivan & Associates was able to repair the monitor. The manager stated that at no time was the water being produced not in compliance with State of Maine and Federal requirements. The manager reported that the automated system was now in full working order and in service.

All #1 pump motors received annual and quarterly maintenance and with no deficiencies noted.

The finish water pH analyzer was found to be inoperable requiring pH adjustments to be made by hand and calculator. As of the time of the report the manager reported that all pH was being monitored in excess of State of Maine and federal requirements, and being less regulatory critical, was scheduled for repair the following week.

The manager reported that the treatment staff had added 2,000 lbs of filter media to Filter #2 as part of regular maintenance.

Lastly the manager reported that the weather station temperature sensor remained inaccurate with replacement parts on order. The weather station would receive repairs once the replacement parts were in-hand and the conditions to ascend the roof were safe.

8. **DISTRIBUTION** - The manager reported that winter operations remain in full swing. On 13 February 2014 the crew discovered a water main break on Presley Drive. It was a full circular split that was repaired during the regular shift. Since the last meeting snow removal has been heavy due to the near record snowfall. The manager passed along the thanks of the distribution division for the purchase of the new snow plows which were proving invaluable with the winter maintenance of the systems 240 fire hydrants.

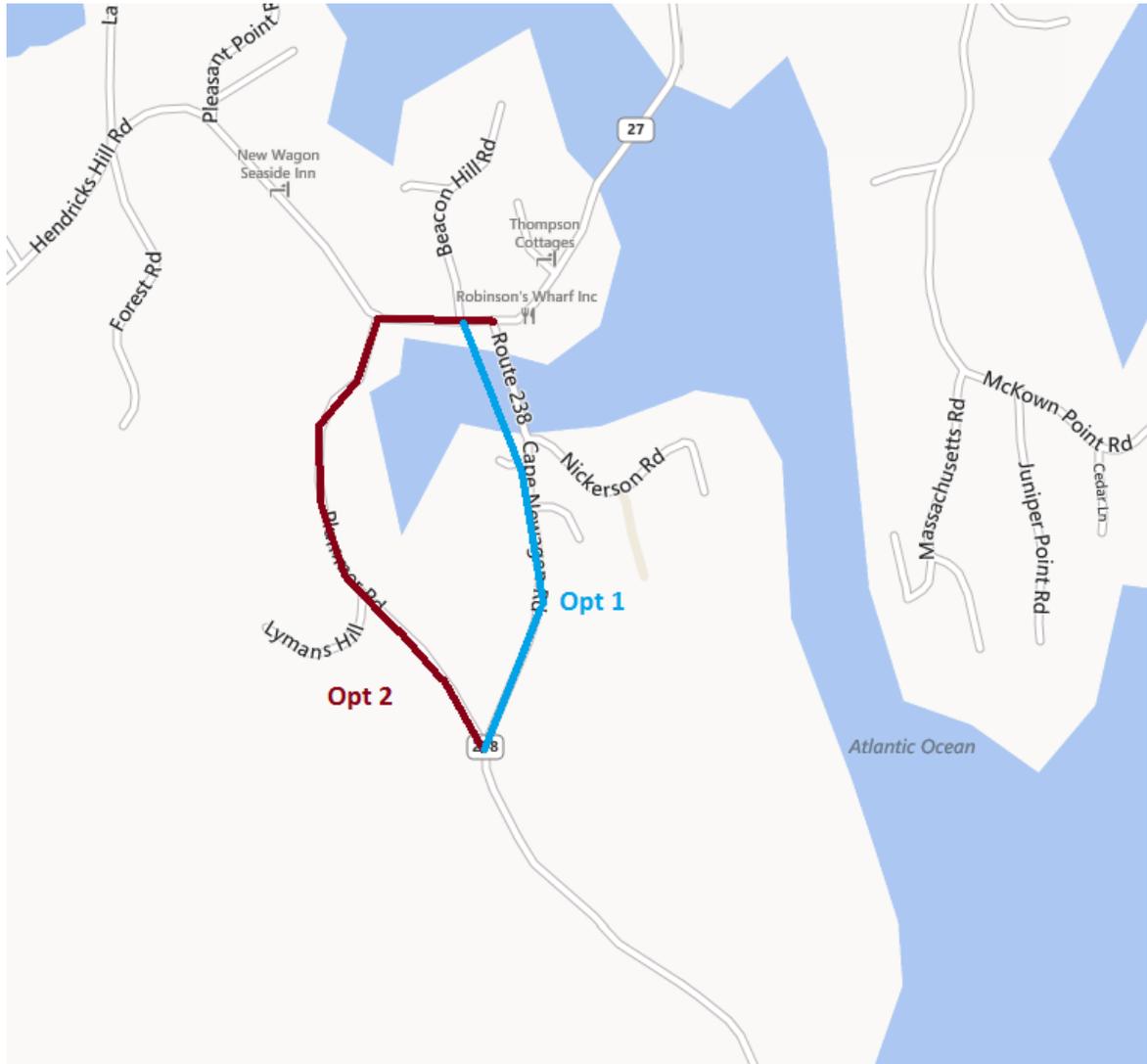
The manager then reported that on 19 and 20 February the district took delivery of 3,800 feet of eight-inch SDR -9, high-density polyethylene (HDPE) water main from Nestle' Corporation. The manager stated that Poland Springs had allowed the district a very favorable deal on the water main in that the final cost was \$5.76/foot with the regular cost for the same material purchased from regular sources being \$18.00/foot, leaving a savings of \$12.24/foot or 68%. 1,000 feet was sold to the Great Salt Bay Sanitary District, of which the manager reported the district had already received payment.

Lastly the manager reported to the board that he had posted on the district's website (www.bbrwd.org) a video report of the PAX System within the Mt. Pisgah Standpipe prepared by the distribution foreman and encouraged the board to look at it at their convenience. The manager reported not only was the district finding more consistent water in the distribution system from a chemistry perspective, but even with the severely cold winter, no ice had formed within the Mt. Pisgah standpipe.

9. **SOUTHPORT INTERCONNECTION AND TANK REPLACEMENT PROJECT** – The manager reported that Dirigo Engineering had discovered a potential snag in permitting the Townsend Gut crossing where in the original design would automatically kick in requirements making the district obtain a full Natural Resources Protection Act (NRPA) permit at great cost to the project. To avoid this meaningless permitting scenario, Dirigo Engineering proposed that instead of crossing under the Route 238 bridge with a new water main, the district would install a new water main within the town right-of-way on Plummer Road, bypassing the bridge, eventually returning to the Route 238 corridor as it moves south. The manager provided the board Figure 1, illustrating the proposed change.

The manager then went on to discuss with the board that even though it was the intent of the project to move water to the village center adjacent to the Southport School, it was his recommendation that if any funds remain, the board order an 8-inch water main be installed from the junction of Plummer Road and Route 238, north to the existing feed line at Nickerson Road to allow a priority redundant supply feed for the island.

Figure 1



Lastly the manager reported that Osman Page and Bernstein Shur, Sawyer & Nelson were engaged in preparing the funding documents.

10. **CAMPBELL STREET/HIGHLAND PARK LOOPING PROJECT** – The manager reported that the project was moving forward. Attorney Griffin was working with Dora Highlands and Mr. Douglas Carter for the required easements. Work was reported to be continuing by Wright-Pierce on the bid specification for FORCE Account bid proposal.

The manager informed the board that he had signed the engineering agreement with Wright-Pierce for this project which equals for \$73,000.00.

11. **MWUA/MRWA BOD** – Chairman Pinkham reported that on 12 February 2014, he and the manager had attended a workshop sponsored by the Maine Water Utilities Association (MWUA) and the Southern Maine Regional Water Council (SMRWC) discussing the SMRWC bill for voluntary deregulation. Trustee Pinkham reported that the workshop had been informative and that effort was worth consideration. The manager added that because the deregulation bill was crafted in that the status quo could be kept in all, or in part and that no small water district’s would be hurt by this effort that it would be a good thing for the district in that the district could streamline the rate making process saving the rate-payers money and avoiding the regular “sticker shock” when rates need to be raised due to infrequency. The board instructed the manager to follow the effort and report back.
12. **FIVE RIVERS** – The manager had nothing new to report.
13. **GIS** – The manager had nothing new to report.
14. **METER DOWNSIZE REQUEST** - The board approved a meter downsize request made by Ms. Bet Finochiaro for her commercial property located at 21 Common Drive, Boothbay upon the analysis and recommendation of the manager.
Trustee Gamage motioned, Trustee Marston second, vote unanimous
15. **MT PISGAH STANDPIPE PAINTING PROJECT** – The manager presented the board with a letter from the Maine Department of Health, Drinking Water Program informing the district that it had been awarded \$112,000.00 to repaint the Mt. Pisgah Standpipe. The board voted to proceed with this project and informed to the manager to move forward with bonding.
Trustee Climo motioned, Trustee Reed second, vote unanimous
16. The board voted to go into Executive Session pursuant to 1 M.R.S.A. §405(6) C & D. 1840hr.
Trustee Climo motioned, Trustee Reed second, vote: unanimous
17. The board came out of executive session at 1852 hr.
Trustee Climo motioned, Trustee Marston second, vote: unanimous
18. The board instructed the manager to raise the hydrant at the intersection of Hutchinson Drive and Middle Road during 2014.
19. The meeting was adjourned at 1859 hr.
Trustee Lewis motioned, Trustee Gamage second, vote: unanimous

END OF MINUTES

Respectfully Submitted,

Jonathan E. Ziegler
Manager

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