

13 November 2018

MEMORANDUM

From: Manager
To: Board of Trustees

Subj: **MINUTES FOR THE TRUSTEE MEETING 23 OCTOBER 2018**

The Board of Trustees convened at 1900 hrs. **In attendance:** Trustee Pinkham, Boothbay Harbor (Chairman); Trustee Gamage, Southport (Vice-Chairman); Trustee Lewis, Boothbay (Treasurer); Trustee Climo, Southport (Clerk); Trustee Anthony, Boothbay; Trustee Tibbetts, Boothbay Harbor; Trustee Tharpe, At-Large; Jonathan Ziegler, Manager. **Guest:** None. **Absent:** None.

1. The board approved the minutes for 9 October 2018 with revisions.
Trustee Gamage motioned, Trustee Climo second, vote unanimous
2. The **Payroll** for weeks ending 9 October 2018 & 16 October 2018.
Trustee Gamage motioned, Trustee Climo second, vote unanimous
3. The **Transactions** for the period of 8 October 2018 through 19 October 2018.
Trustee Gamage motioned, Trustee Climo second, vote unanimous
4. **FINANCIAL-** The manager provided the board Table 1 – *Boothbay Region Water District Cash Account Status Report as of 23 October 2018*. The manager pointed out that the current cash position was very dangerous in that the district was near insolvency. That said on 29 October 2018 a billing totaling \$376,996.26 would be sent to the printers and will be out in circulation by 1 November 2018. The manager then explained that the above total did not include seasonal overage/surcharge which would be billed subsequently. The effort getting the meters had gone to “all-hands-on-deck” so that the meter readings could be delivered to Administration, reviewed, synthesized and sent to customers at the earliest possible time.

The manager then reported that a portion of the cashflow issue was due to *Northern Data Systems* (NDS) had upgraded two-months previously and evidently had created a “glitch” which then caused previously undetected issues with *Invoice Cloud* (IC) resulting in those 211 customers on “Auto-Pay” not being invoiced for water bills. The problem was being addressed by NDS and IC under the watchful eye of the current Customer Service Representative.

The manager then informed the board until cashflow improves the district would pay no bills other than payroll.

- a. **Rate Case** – The manager reported that the previous week the district had received a copy of very detailed and accurate minutes to the public hearing for rates as required by the Maine Public Utilities Commission. *Maine Rural Water Association* (MRWA) had posted the minutes with the rate case request, with our rate hearing now in the queue with the PUC board for upcoming deliberations. At this time all boxes have been checked with our consultants very optimistic that this request will be granted

Table 1 BOOTHBAY REGION WATER DISTRICT Cash Account Status Report as of 23 October 2018	
Account	Balance
Business Checking	\$ 15,388.14
Deposit Sweep Account	\$ 3,212.84
Liquidity Total	\$ 18,600.98
DESIGNATED FUNDS	
BBH 2007 Sinking Fund	\$ 30.52
Land Acquisition Fund	\$ 14.68
Capital Reinvestment Fund	\$ 1.17
Mt Dora Easement Escrow	\$ 4,768.50
EBB Upgrade 91-20	\$ 2,413.05
Bank of Maine Unemployment CD	\$ 10,431.66
Designated Fund Total	\$ 17,659.58
TOTAL CASH RESERVES	\$ 36,260.56

- b. **Line of Credit (LOC) II** – The manager introduced a letter he had written on 22 October 2018 to the district treasurer (Trustee Lewis, cc all trustees) into the public record, alerting the board to the fact of an exacerbated cash flow crunch. The manager requested the board authorize him to sign an emergency line-of-credit (LOC) with *The First* for an additional \$150,000.00 with a six-month maturity. The board approved this action.

Trustee Climo motioned, Trustee Tharpe second, vote unanimous

Jon (Trustee Lewis, Boothbay Region Water District, Treasurer) –

As I discussed at the previous board meeting October is the notoriously low cash flow month for the district due to bond payments. As reported I took a \$400,000.00 Line of Credit on 2 October 2018 which was used for the multi-bond payment cashed by the Maine Bond Bank on 14 October 2018. Being frugal and understanding a Rural Development Bond would be withdrawn this month for \$67,000 is, when I came to work this morning I was advised by Mike Hills that the district SWEEP Account had -\$4,067.00.

I conferenced with Marcia this morning and we went through the inputs and upcoming outputs. As a stopgap measure I drained one of our sinking funds (approximately \$18,000) and dumped it into the SWEEP Account which keeps us barely solvent. From there I met with Brenda Blackman at The First and requested an additional \$150,000.00 to allow a minimal reserve until such time as funds can be accrued to pay off the LOC. Part of the issue is that we have discovered that our Autopay customers have not received invoices for the past two months and therefore we have received no payment; this is a glitch with our billing contractor of which I have turned Ruth loose on them and truly believe the problem will be rectified in short order. However, this will still not fix the problem in the short-term.

On Monday it is our intention to have the billing for next month delivered to the billing contractor and have them in the mail by 1 November. This is a large billing and will trap all of the revenue for summer from year-round BBH business' plus the quarterly fire protection charges. I have impressed the need for the seasonal readings with the distribution crew of which overage/infrastructure surcharge will be billed at the earliest it can. Staff fully understands the need.

It is my intention to sign for the LOC tomorrow if ready. Be advised I do not have enough money in the checking account for payroll on Wednesday. If that is an issue I will delay my pay for a week and pay everyone else.

Please let me know if this request will be a problem but as of now our choices are pretty limited.

Zig

5. **NATURAL RESOURCES PROGRAM** – The Natural Resource Program continues to work 319 grant projects. During the previous period a plunge pool was installed along Back River Road to correct severe erosion problems into Knickerbocker Lake originating from the roadway. The work was completed by district staff and *Reny Construction*. No further report is available at this time.
6. **SAFETY & TRAINING UPDATE** – There have been no safety violations or known missed inspections during the previous period.
 - a. **Human Resources (HR)**– On 10 October 2018 a job offer was made to Mr. Aaron Durgan, Boothbay Harbor to fill the vacated position within the Distribution Division. Mr. Durgan accepted the position that day, provided his current employer with two-weeks’ notice, and would begin his employment on 29 October 2018. HR would be on-site that day to take care of all applications and training necessary for Mr. Durgan to begin work at the district.
 - b. **Training Update** – I attended the Bi-monthly meeting of the Maine Water Utilities Association in Millinocket. The venue was excellent and the training relevant.
 - c. **Trident Filter Training** – On 10 October 2018 the district hosted a training session for the operation and maintenance of trident filters. The training was very well attended by a myriad of water district treatment plant operators from around the state, engineers, vendors and regulators. Almost immediately I received super-positive feedback from people who matter, blown away by the level of training of our district personnel, the maintenance of the plant and the state of the plant. We may be called again to “show-off” in the future. I have praised the DD at the most recent staff meeting.
 - d. **Fire Chiefs Meeting** - On 17 October 2018 I met with the regions fire chiefs, had a very successful breakfast meeting and reviewed the following topics:
 - i. Seasonal Water Shutdown;
 - ii. Rate Case Status;
 - iii. Capital Improvement Plan (CIP);
 - iv. District Staffing Changes;
 - v. CIP In-House Distribution Projects;
 - vi. CIP Contracted Out Distribution Projects;
 - vii. CIP Treatment Plant Upgrades;
 - viii. Hydrant Color Coding Update;
 - ix. Sprucewold;
 - x. GIS Integration from BRWD to Fire Department Software;
 - xi. Hard Boom Agreement; and
 - xii. Fire Chief Activism.

Table 2

Boothbay Region Water District Budget performance Summary as of 30 September 2018

	Jan - Sep 18	YTD Budget	Annual Budget	
Ordinary Income/Expense				
Income				
414-Gain on Sale-Misc Inc.	14,011.00	0.00	0.00	
415 - Jobbing	94,143.36	65,553.57	107,111.79	
419 - Interest Income	213.54	262.55	350.00	
460-RD Grant Revenue (KHS-RD Grant & Loan)		15,110.00		
461 - Revenue Accounts	1,865,174.19	1,867,961.42	2,615,650.79	
Total Income	1,988,652.09	1,933,777.54	2,723,112.58	
Gross Profit	1,988,652.09	1,933,777.54	2,723,112.58	
Expense				
403-Depreciation Expense	495,000.00	495,000.00	660,000.00	
408 -- Taxes other than Income	40,224.06	40,437.24	53,000.00	
427-Bond and Loan Interest		631.92	0.00	0.00
427-Interest Expense	207,641.02	204,128.89	271,760.45	
601 - Wages	420,503.72	426,764.44	566,057.31	
603 - Trustee Fees	9,351.15	10,056.40	10,056.40	
604 - Employee Pen. & Benefits	333,175.08	280,421.03	386,475.93	
615 - Electricity	47,625.04	47,381.27	58,950.00	
618 - Chemicals	26,730.54	28,851.64	38,600.00	
620 - Materials & Supplies	158,914.74	156,075.67	207,850.00	
620.7 - Postage	499.89	0.00	0.00	
631 - Contr.-Engineering	4,490.50	9,000.00	12,000.00	
632 - Contr. Accounting	48,700.00	46,500.02	62,000.00	
633 - Contr. Legal	2,380.00	22,125.01	29,500.00	
634 - Other Professional Fees	8,742.50	7,500.01	10,000.00	
635 - Contr-Other	179,311.82	163,760.72	204,750.00	
642 - Rental of Equipment	0.00	250.00	250.00	
650 - Transportation	19,259.68	28,375.15	38,250.00	
657 - Insurance - Gen. Liab.	14,167.91	32,500.00	32,500.00	
658 - Insurance-Workers Comp.	15,001.00	11,215.15	13,000.00	
660 - Advertising	658.00	1,500.00	1,500.00	
667 - Regulatory Expense	18,772.00	11,250.00	15,000.00	
670 - Uncollectables	0.00	0.00	0.01	
675 - Misc. Expenses	10,792.08	6,800.00	9,050.00	
680.00 · Uncategorized	1,680.77	0.00	0.00	
Total Expense	2,099,515.60	2,029,892.64	2,680,550.10	
Net Ordinary Income	-110,863.51	-96,115.10	42,562.48	
	-110,863.51	-96,115.10	42,562.48	

Table 3

BRWD Capital Improvement to Equity Performance Summary as of 30 September 2018

Accnt #	Description	Jan - Sept 2018	Amount
Capital Improvements			
105.01	Marine Construction	\$ 2,250.00	\$ 4,500.00
105.02	Engineering & Excavation	\$ -	\$ 22,000.00
105.05	GIS	\$ 2,446.68	\$ 6,000.00
105.10	Storage Building Project	\$ 3,000.00	\$ 10,000.00
105.15	Country Club Phase II		\$ 5,000.00
105.16	Meter Upgrades	\$ 79,517.55	\$ 80,000.00
105.20	Meadow Cove Water Main Project	\$ -	\$ -
105.21	Natural Resource Projects	\$ -	\$ 15,000.00
105.50	Work in Progress - Other	\$ 82,974.42	\$ 1,500.00
Total Capital Improvements		\$ 170,188.65	\$ 144,000.00
Principal Repayments			
221.31	MBB Highland Park	31,306.00	\$ 32,000.00
221.32	MBB Pinkham Standpipe Rehab	5,221.00	\$ 5,220.00
221.33	RD Southport Interconnection	\$ 31,781.27	\$ 31,781.27
221.89	SRF Cape Newagen MMBB	\$ 10,563.00	\$ 10,600.00
221.92	RD 91-20	\$ -	\$ 23,379.42
221.93	FNB Consolidation	\$ 10,696.33	\$ 11,240.00
221.95	MMBB Sea Street	\$ -	\$ 12,578.00
221.97	FNB Fluoride Bond	\$ 6,946.00	\$ 7,400.00
221.9	Highland Park	\$ -	\$ -
221.94	Mt Pisgah Tank	\$ -	\$ -
221.99	RD 91-18 (estimate -)	\$ 6,500.00	\$ 6,295.22
221.993	MMBB Consolidation	\$ 332,548.06	\$ 332,548.06
Total Principal Repayments		\$ 435,561.66	\$ 473,041.97
Sinking and Reserve Fund Contributions			
131.82	Capital Reinvestment	\$ -	\$ -
131.86	Land Acquisition	\$ -	\$ -
131.87	Southport Interconnection	\$ -	\$ 9,328.00
131.88	RD 91-18	\$ -	\$ 1,995.87
131.89	RD 91-20	\$ -	\$ 6,196.63
Total Sinking & Reserve Fund		\$ -	\$ 17,520.50
Fixed Asset Budget			
	2019 Chevrolet 3500 Lift Gate	\$ 56,821.00	55,000.00
	Replacement Compactor	\$ -	8,000.00
	Mcelroy Travel Trailer	\$ -	5,000.00
Total New Fixed Asset Additions		\$ 56,821.00	\$ 68,000.00

7. **TREATMENT DIVISION (TD)** — The manager reported filter train efficiency since the previous report remained at 86% for filter operations and had improved to 100% for clarifier performance. The underperformance of the filter trains has been traced back to the newly installed Backwash Rate Valve (BRV) in that embedded in its program logic controller (PLC) there existed a “glitch” which was allowing it to flow too heavy during backwash cycles; which, in-turn, caused the air scour cycle to work below specifications not thoroughly cleaning the filter media. *Sullivan & Associates* was held accountable and as usual was good for the repair. *EII* would be brought in later that week to complete “brain surgery” on the PLC which should correct the issue and get the filters back to operating at a high level of efficiency. The manager then reported that thus far nothing detrimental with the filter media, which could withstand, in the short-term, this level of deficient air scour. That said, the filter media was being monitored as is finish water quality very closely with the district remaining in very good stead with regard to legal limits for water quality. Both sodium hydroxide and aluminum sulfate dosing rates are normal for this time of year. Finish water production for the previous period is slightly lower than that of 2017 production rates with an average daily production 0.3386 MGD as compared to 2017 production for the same period of time equaling 0.3573 MGD.

a. **Drought Monitoring** – Since the last report the Boothbay region has been removed from drought condition with water reserves near normal conditions.

8. **DISTRIBUTION DIVISION (DD)** – The manager reported the DD was concentrating on seasonal water shutdown and would remain so for the next several weeks. During the previous period the DD responded to 24 DigSafe requests which is normal for this time of year and very manageable.

a. **New Building Status Report** – The manager reported that on 16 October 2018 he had met with *Dirigo Engineering* and went through the final review for the new garage. At that time, he ordered *Dirigo Engineering* to have the final plans and specifications completed and prepare for the planning board process, including having the district be put on the November Boothbay Planning Board Schedule. The manager informed the board that he instructed *Dirigo Engineering* that their presence was required.

On 18 October 2018 the manager reported that he had met with the NRPM who advised him that it would be better for the district to wait until May 2019 before the district attempted to permit this project in that the current ordinances would make the permitting of this structure difficult with revised ordinances expected to pass this spring which allow a more performance-based criteria, especially with concern of storm water quality and quantity. The manager concurred with the NRPM stating to the board that this strategy a far smarter approach in that we have designed this project for 100% storm water treatment and it will allow the district to showcase this approach publicly as well as provide the district cover from potential critics.

Trustee Tibbetts interjected that construction of this project would be a “bad look” for the district in that construction of a new building that shortly after a fairly hefty rate case would send a message not favorable for the district.

Trustee Climo disagreed in that it was his view the new building was a necessary and planned on, addition for the district no different than the installation of water

infrastructure and was necessary for the district to complete its mission as well as protect equipment already paid for by the district rate payers.

Trustee Tharpe inquired of the manager what was the justification for the new space to which the manager responded in a qualitative manner to which Trustee Tharpe informed the manager that his answer “was not good enough”. She went on to clarify her statement in that clear and measurable justification would be needed to be prepared prior to any permitting, a task for the manager.

The board took exception to the manager’s permitting strategy stating he was resting his laurels on ordinances still not completely prepared and a town vote in May 2019 being favorable (new ordinance passage). The manager was instructed by the board to attack the construction of the new garage/shop by completing the following:

1. Meet with the CEO once plans and specifications were complete and get a read on the current process for receiving a building permit, remaining informal in nature;
2. If possible have an informal discussion with the planning board (workshop setting) to discuss the project and ferret out any road blocks that may present themselves during the permitting process; and
3. Proceed no further without board authorization.

Trustee Gamage motioned, Trustee Climo second, vote unanimous

b. **Seasonal Water Shutdown** - Progressing smoothly with no customer complaints

9. **5 RIVERS REGIONAL WATER COUNCIL** – No change in status.

10. **LAND ACQUISITION UPDATE** – No change in status

11. **ISLE OF SPRINGS (IOS)** — The manager reported that on 19 October 2018 he met with Dan Flaig P.E. at the offices of *Wright-Pierce* in Topsham to discuss this project. Mr. Flaig was reported to be very close to completing a Maine Department of Transportation (DOT) approved design for the installation of the new water line as well as obtaining the DOT site location permit. In addition, Mr. Flaig was in the process of obtaining a full Army Corp of Engineer (ACE) permit as well as satisfying the needs, through permit with the Maine Department of Environmental Protection (DEP). Most of the pipe hangers for the new pipe are “off of the shelf” which means fabrication for special hangers will not be required. Mr. Flaig would provide the district plans and specifications as soon as they were approved so that the district could meet with local contractors for fabrication and installation. This project was moving along and has a very high probability of being in service by seasonal water start-up 2019. Lastly the manager reported that he had instructed the Distribution Foreman to include a 3” pressure reducing valve for installation at the corner of Samoset Road and Lakeside Drive for the upcoming budget process.

12. **ALTERNATIVE ELECTRIC POWER OPTIONS** – On 22 October 2018 the manager provided *Verrill & Dana* a copy of the *Revision Energy* Purchase Power Agreement (PPA) and our current contract for purchasing power with *Constellation Energy*. The manager then informed the board that even though the district is contracted with *Constellation Energy* through 2 December 2021 there exists a clause in the contract to allow the move to solar power as long as our solar array does not exceed 1.5 MW. With the PPA, our attorney will be reaching out to the attorney representing *Revision Energy* to get more into specifics.

13. **TRUSTEE TRAINING** - The manager reported that the required training for trustees is possible with a representative from *Verrill and Dana* conducting the training at an upcoming trustee meeting. The manager then recommended that this be completed at the first trustee meeting in May after the elections are complete in case of any changes to the board. The board instructed the manager to arrange training in accordance to the methodology outlined above.
14. The meeting was adjourned at 2017 hr.
. *Trustee Climo motioned, Trustee Gamage second, vote: unanimous*

END OF MINUTES

Respectfully Submitted,

Jonathan E. Ziegra
General Manager