

MINUTES OF THE BOARD OF TRUSTEES January 30, 2019

The regular meeting of the Board of Trustees, which was held in the Conference Room at the Office Complex, 92 Main Street, Kennebunk, was called to order by President Tom Oliver at 2:00 pm. Trustees Bob Emmons, Jim Burrows and Fred Lynk attended along with Superintendent Norm Labbe, Assistant Superintendent Scott Minor, Treasurer Wayne Brockway, Plant Manager Bill Snyder, Chief Operator Greg Pargellis, GIS/Asset Management Coordinator Justin Richardson, Accountant Cathy McLeod, Distribution Manager Keith Archibald, District Engineer Jamie Paschal, Facilities Manager Rob Weymouth and Administrative Assistant Cindy Rounds.

Minutes – December 19, 2018 Meeting

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted to approve the Minutes of the December 19, 2018 regular meeting as written.

Public Comment

There was no public comment. A recommendation was made and accepted to address the *Update on the Executive Search Process* agenda item out of order.

Update on the Executive Search Process

Kirsten Hebert from Maine Rural Water Association attended on behalf of the interview committee to provide an update on the executive search underway to fill the Superintendent's position upon his pending retirement. She reported that there were a total of 43 inquiries (three internal) for the position. After a series of reviews and a round of preliminary (phone) interviews with 12 of the applicants by the District's HR consultant Bill O'Brien, the interview team (Trustees Emmons and Burrows, Ms. Hebert and Norm Lamie from MRWA and the District's Superintendent) will propose five candidates to be considered for a final interview. Interviews for the internal candidates will take place during the week of February 11th in the Conference Room. Final interviews, with the interview team and the full Board of Trustees, are tentatively scheduled for Monday, February 25th.

Treasurer's Report

The Treasurer presented the November financial report along with the actual to budget comparisons. Annual metered account revenues were \$4,106,519, indicating a 4.9% favorable variance of \$193,294. Seasonal metered account revenues totaled \$1,454,335 indicating a 2.2% favorable budget variance of \$31,009. Total metered revenues were \$5,560,854, indicating a 4.2% favorable budget variance of \$224,303 and a 2.3% increase in the year-to-date billed usage from 2017. Total operating revenues were \$6,817,536, indicating a 3.6% favorable budget variance of \$234,021. Twelve SDCs were collected (\$16,935) in November and 139 year to date (\$214,953).

The December actual to budget comparison indicated annual metered account revenues were \$4,586,113, indicating a 2.4% favorable variance of \$107,749. Seasonal metered account revenues totaled \$1,506,709 indicating a 2.2% unfavorable budget variance of \$33,836. Total metered

revenues were \$6,092,822, indicating a 1.2% favorable budget variance of \$73,913 and a 1.4% decrease in the year-to-date billed usage from 2017. Total operating revenues were \$7,471,677, indicating a 1.1% favorable budget variance of \$80,531.

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted to approve the November financial report.

Monthly Water Production Report

The Assistant Superintendent presented the monthly precipitation, water production details and water production cost charts for December.

He reported that water production for December was 50.9 MG (2.9% decrease from 2017) which brings the 2018 YE production total to 1,068.0 MG (a 0.6% increase over 2017 and a 5.0% decrease from 2016, the year of record production).

The liquid precipitation equivalent for December was 3.39", which places the YE total of 60.56" 11.8% above the 16 year running average of 54.19".

Groundwater production for December was 29.5 MG from the Kennebunk River well. The YE groundwater production total from all sources is 399.4 MG, which accounted for 37.4% of total production.

The December surface water chemical cost decreased was \$246.93 per MG with the 2018 YE monthly average cost coming in at \$244.41 per MG. The groundwater chemical cost for December was \$67.79 per MG with the YE monthly average cost coming in at \$72.89 per MG. The YE monthly average for the blended surface water and groundwater chemical cost came in at \$191.50 per MG, an all-time high.

Kennebunk River Well

The Superintendent reported that the permanent structure is being designed, with construction commencing once the permits are issued. He added that the filters are working well, showing only a trace amount (3ppt) of PFAS after treating 195 MG. The temporary enclosure is protecting the filters from the cold weather. He summarized a New Hampshire Water Works Association conference he attended on PFAS last week.

The Superintendent noted that he has sent a letter introducing the PFAS issue to the new Governor, the new Commissioners of the Department of Environmental Protection, the Department of Health and Human Services and of the Department of Forestry, Conservation and Agriculture. The letter encourages the State to get proactive in testing water at sites that are known to have had permitted spreading of waste residuals.

The Superintendent added that the District is the lead water utility in Maine on the PFAS issue. He will be meeting next week with a representative from a Portland environmental group who is interested in learning more on the District's experiences with PFAS.

Arundel Tank Site

The District Engineer reported that the driveway design for the access road has been completed and submitted to the Town for approval. The Planning Board has required, prior to their approval that the driveway and drainage designs be completed and that DEP approval of the storm water Permit-by-Rule be obtained. Approval of the conditional use permit is anticipated at the next Planning Board meeting on February 14th. Bid packages for the driveway construction are being mailed to local contractors this week. Work could potentially commence by the end of February.

AMI Meters

The Treasurer reported the installations in December totaled 198, bringing the year-end total to 3,031 and the cumulative total to 7,198, which is approximately two-thirds of the District's annual accounts and over half (51.7%) of all accounts. Installations in January, through yesterday, totaled 211. He added that the AMI system is reporting in at approximately 98%.

Pipe Yard Vehicle and Equipment Storage Building

The Assistant Superintendent reported that the foundation has been installed and grading around the foundation is underway. The steel for the structure has been delivered. Erection of the steel frame is expected to commence tomorrow.

Maine Drinking Water Program's Annual SRF Intended Use Plan

The Assistant Superintendent reported that none of the District's requested projects made it to the primary list, with all three projects currently on the back-up list. He speculated it appears unlikely that the District will get any SRF funds this year considering the \$5.3 million worth of projects before the District on the back up list. It would be only the second time since 2008 that the District didn't receive any SRF funding.

Main Extension - Wildes District Road, Kennebunkport

The District Engineer reported that test borings, to indicate the amount of ledge that will be encountered along the work area, have been completed. The borings indicated that an estimated 2,400 cubic yards of ledge is expected to be removed.

Chemical Bid Results

The Assistant Superintendent summarized a spreadsheet comparing the chemical bids costs from 2015 through 2019. He elaborated on the cost trend of each chemical and the benefits that collaborative bidding through the Southern Maine Regional Water Council (SMRWC) has achieved in controlling costs over the years.

Water Main Leak History

The Assistant Superintendent provided a chart illustrating the water main leak history from 1994 through 2018. The chart indicates that in 2018 there were 19 leaks which included nine with cast

iron pipe, five with AC pipe, two with ductile iron pipe and one instance where the inferior quality of the pipe was the cause of the leak. Despite the slight rise in 2018, the average over the last 25 years is 11.9 breaks and trending downward due in large part to the District's aggressive water main replacement program.

Rolling Fleet Statistics

The Assistant Superintendent outlined charts that illustrated the monthly fuel economy of the District's vehicle fleet along with the fuel expenses of each vehicle for 2018. A total of \$61,629 was spent on fuel in 2018 along with \$12,907 of taxes saved through the District's tax exemption status. This marked an increase of \$16,629 over the fuel expenditure for 2017 which is attributed to higher fuel costs and a longer construction season. The average fuel economy was 14.2 mpg, down from 14.6 mpg in 2017. He noted that the Ford C-Max averaged 49.5 mpg. The WEX program the District joined several years ago provides data that allows for better tracking and monitoring of fuel costs and vehicle fuel efficiency.

2019 Budget Modification Requests

The Superintendent summarized the three budget modification requests. As a result of a new "water sharing" initiative with our neighboring utilities, a budget expenditure of \$10,000 is being requested. This represents 50% of the cost of retrofitting the Biddeford Pool (Maine Water Co.) and York Water District interconnections to allow a small (less than 100 g.p.m.), controlled amount of water to flow in either direction to eliminate dead-end water quality issues.

On a motion by Mr. Burrows, seconded by Mr. Lynk, it was unanimously voted to approve a \$10,000 modification of the 2019 Capital budget for this purpose.

The second modification is to increase the approved \$10,000 budgeted amount for the "Wells Tank – Increase Pumping Capacity" project by \$8,000 due to the recently received estimate by Central Maine Power to upgrade to three-phase the existing electrical service at the Wells tank.

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted to approve a \$8,000 increase to the original \$10,000 budget item in the 2019 Capital budget.

The final request is for the replacement of a 16-year-old VFD unit at the York Interconnection at a cost of \$3,000.

On a motion by Mr. Emmons, seconded by Mr. Lynk, it was unanimously voted to approve this \$3,000 modification to the 2019 Capital budget.

Main Extension – Binnacle Hill Phase 2, Kennebunkport

Connecting to the existing 8-inch main along Binnacle Lane in Kennebunkport at a point approximately 340 feet northeasterly of the intersection of Binnacle Lane and New Biddeford Road, install approximately 1,460 feet of 8-inch main along Timber Way, and from the terminus of the main in Timber Way, install approximately 470 feet of 8-inch main along Henchey Way to the

intersection of Henchey Way and Kings Highway, connecting to the existing 8" main in King's Highway at a point approximately 200 feet northeasterly of Sand Point Road.

Reference is made to Sheets P-1.0, P-1.1, and P-2.0 of a set of plans entitled "BINNACLE HILL SUBDIVISION – PHASE 2" – prepared for Baile Development, LLC – last revised 11/16/18.

The applicant, Baile Development, LLC, will be required to deposit \$5,280, plus furnish *all* trenching, *all* material and *all* labor to complete the installation in accordance with Water District specifications.

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted to approve this main extension.

Branch Brook Watershed Coalition

The Superintendent referred to the draft newsletter article describing this initiative that was sent to the Board for their review. He explained that additional members are being sought from abutting towns and from other stakeholders interested in protecting Branch Brook. The coalition is seeking to develop an agreement similar to the Sebago Clean Waters Working Principles Agreement, which is similar to a non-binding memorandum of understanding. The group agreed that it was a good model from which to develop a local agreement. There are many benefits that can be gained from the collaboration of these interested parties; among them is enhanced communication, coordination of human and financial resources and increased opportunities for attracting private and public funds.

Employee Handbook and Policy Revisions

The Superintendent provided an overview of the revisions being proposed. Most of the changes were non-substantive or were related to a recent policy review by our HR consultant. A few minor benefit modifications were proposed, such as: in Policy No. 127 (increase holiday standby compensation for Facilities personnel from ½ hour to 1 hour; to be consistent with Distribution personnel), in Policy No. 128 (increase fitness club benefit by \$10 per month) and in Policy No. 134 (redefining vacation time during the first year of employment). The last proposal did not involve more vacation time. It cleaned up some administrative issues relating to the accrual of vacation time and simplified how vacation time is utilized by the employees during their first year of employment.

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted to approve and accept the proposed changes to the Personnel policy.

Employee Wages and Benefits

The Superintendent reported that the CPI for the end of 2018 was 1.91%, as compared with 2.11% for 2017 and 2.07% for 2016. He added that another somewhat related figure is the increase in 2019 health insurance premiums (4%), which for a District employee on the family plan, will increase their net deduction in their weekly pay by \$2.87, or for an average hourly employee about 0.3%.

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted to approve a 3% wage increase.

Other Business

- The Superintendent informed the Board that the Maine Water Utilities Association is holding their Annual Meeting and Trade Show on February 5th and 6th in Portland should they wish to attend.
- Mr. Oliver relayed a compliment he received from Wells Emergency Medical Service (WEMS) regarding the professional and courteous assistance by KKW staff to a recent fire in Wells.

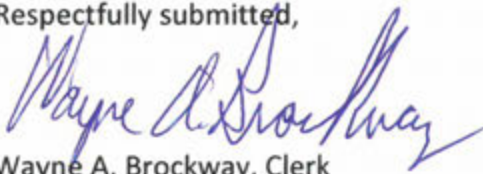
Next Meeting

The next meeting of the Board of Trustees will be held on Wednesday, February 27, 2019 in the Conference Room, 92 Main Street, Kennebunk at 2:00 pm.

Adjournment

On a motion by Mr. Burrows, seconded by Mr. Lynk, it was unanimously voted to adjourn the January 30th meeting at 3:38 pm.

Respectfully submitted,

A handwritten signature in blue ink that reads "Wayne A. Brockway". The signature is fluid and cursive, with the first name being the most prominent.

Wayne A. Brockway, Clerk