

MINUTES OF THE BOARD OF TRUSTEES

December 18, 2019

The regular meeting of the Board of Trustees, which was held in the Conference Room, 92 Main Street, Kennebunk, was called to order by President Bob Emmons at 2:00 pm. Trustees Jim Burrows, Tom Oliver and Fred Lynk attended along with Superintendent Steve Cox, Assistant Superintendent Scott Minor, Treasurer Wayne Brockway, GIS/Asset Management Coordinator Justin Richardson, Accountant Cathy McLeod, District Engineer Jamie Paschal, and Administrative Assistant Cindy Rounds.

Minutes – November 20, 2019 Meeting

On a motion by Trustee Burrows, seconded by Trustee Oliver, it was unanimously voted to approve the Minutes of the November 20, 2019 meetings as corrected.

Public Comment

The Superintendent acknowledged the recent unexpected death of employee Steve Spofford and the sadness being felt throughout the District. Steve managed the Meter Shop for the most part of his 31 years at the District. The Superintendent commended the staff for their outstanding show of support to Steve's family during this difficult time. Trustee Oliver asked that a moment of silence be observed in honor of Steve.

Treasurer's Report

The Treasurer began his presentation of the November financial report by thanking the Accountant for successfully undertaking extra work arising from the Treasurer's recent absence. He added that although she typically performs at a high level, she stepped up even further. He then continued reporting the November financial reports (Statement of Income) and the related actual to budget comparison for the income statement.

Year to date metered annual account revenues through November were \$3,981,796 indicating a 6.1% unfavorable variance of \$259,124. Seasonal metered account revenues totaled \$1,392,812 indicating a 5.5% unfavorable budget variance of \$80,577. Total metered revenues were \$5,374,607, indicating a 5.9% unfavorable budget variance of \$339,702. Total operating revenues were \$6,664,796, indicating a 4.8% unfavorable budget variance of \$333,020. There were 13 new SDCs collected in November (\$21,541) with 163 collections on a year to date basis compared to 139 in 2018.

On a motion by Trustee Oliver, seconded by Trustee Burrows, it was unanimously voted to approve the November financial reports as presented.

2020 Capital Budget

The Assistant Superintendent presented the proposed 2020 Capital budget that was compiled after a comprehensive and lengthy collaborative effort involving all departments. He detailed

the summary sheet that illustrated all budget categories and funding sources for the projects. The Assistant Superintendent elaborated on some of the larger projects. He explained that the Drinking Water Program (DWP) was overdue in issuing the primary and backup SRF lists of projects which are expected within the next few weeks. He elaborated on the SRF funding requests for four District projects and noted that the DWP has indicated the desire to augment the available SRF funds via additional borrowing. He asked the Board's consideration to approve the budget as proposed (\$5,676,410), contingent upon being awarded SRF funding for the four projects noted. He added that, consideration can be made to defer the Fletcher Street main replacement if funding is not secured.

The Treasurer answered questions from the Board also. He noted that two existing bonds are scheduled to sunset in 2020 and 2021 so the impact on debt service, will not significantly impact required revenue. He also reminded the Board that two bonds, totaling \$2.5 million, have recently been paid off.

On a motion by Mr. Burrows, seconded by Mr. Oliver, the 2020 Capital budget as presented was unanimously approved reserving the opportunity to reconsider the budget amount once the SRF project lists are released by the DWP.

2020 Operations Budget

The Treasurer presented a detailed analysis of the proposed 2020 Operating Budget and the estimated 2019 cash flow summary. The Superintendent elaborated on some of the details of the budget also.

The Treasurer then presented and outlined the proposed rate increase to the Board. He explained that it will be a 6% across-the-board increase for all metered water rates as well as public and private fire protection rates to achieve the revenue requirement. Once the rate increase is filed with PUC, a timetable of requirements will be followed, which would include holding a public hearing (in February). The proposed effective date is April 1, 2020.

The Superintendent thanked the Accountant and Treasurer for the knowledge they shared in helping him understand the District's process to develop the budget.

On a motion by Mr. Burrows, seconded by Mr. Oliver, it was unanimously voted to approve the 2020 Operations budget as presented.

On a motion by Mr. Burrows, seconded by Mr. Oliver, it was unanimously voted to authorize and file a 6104 rate increase of 6% across the board, to become effective April 1, 2020.

Monthly Water Production Report

The Assistant Superintendent presented the monthly precipitation, water production statistics and water production cost charts for November.

He reported that water production for November was 53.19MG. Year to date water production through November stands at 1.008BG which is 9.2MG (0.9%) lower than 2018 and 63.9MG

(6.0%) lower than 2016 (year of record water production). A projection for December was not provided.

The liquid precipitation equivalent for November was 3.02" and included 11 days of recorded precipitation. The 2019 YTD precipitation total of 45.79" is trailing slightly below the past 17-year group average of 49.28".

The supply source summary for November indicated that the Branch Brook surface water supply provided 44.7MG (84.0%) while the groundwater sources contributed 8.42MG (15.8%) with 0.12MG (0.2%) being purchased from the Maine Water Company.

Groundwater production in November (8.4MG) consisted of 2.5MG from the Merriland River well and 5.9MG from the Plant wells. The 2019 YTD groundwater production total was 406.1MG which is comprised of 188.1MG from the Kennebunk River well, 34.5MG from the Plant wells, 9.5MG from the Harriseckett wells and 171.5MG from the Merriland River well. He recalled that both the Merriland River well and the Plant wells were shut down in November to allow for aquifer recharge. 2019 YTD is tracking 36.3MG higher than 2018 YTD. The 2019 YTD surface water production was 603.1MG, accounting for 60% of the total demand.

The surface water versus groundwater production and chemical cost comparison chart revealed a slight increase in the cost of treating surface water (\$267.04/MG in November compared to \$245.31/MG in October) which is directly related to the increase in precipitation. The 2019 YTD blended surface water and groundwater chemical cost was \$180.87/MG versus \$195.81/MG for the same period in 2018. This is attributed to the higher percentage of lower cost groundwater used in 2019 compared with 2018. The 2019 YTD average monthly surface water chemical cost of \$247.62/MG is slightly higher than 2018 (\$244.37/MG). 2019 YTD average monthly groundwater chemical cost of \$81.02/MG is also tracking higher than 2018 (\$73.30/MG).

AMI Meters

The Treasurer reported the installations to date for the month of November totaled 124, bringing the YTD total to 2,712 and the cumulative total to 9,910. As of yesterday, another 122 installations were completed increasing the YTD total to 2,834 and the cumulative total to 10,032, representing 89% of annual accounts. He estimates there are 1,200 meters remaining to be replaced.

Arundel Tank Site

The District Engineer reviewed the bid tabulation for the Arundel water storage tank, in which DN Tanks, Inc. and Preload, LLC submitted proposals. He reminded the Board that the bidders were asked to submit bids with consideration given to whether SRF funding would be received or not and for two different sized tanks (1.3MG or 1.5MG) resulting in four separate bids.

On a motion by Mr. Burrows, seconded by Mr. Oliver, it was unanimously voted to award the bid to DN Tanks, Inc. for a 1.5MG tank in the amount of \$1,397,146. The Assistant Superintendent gave a shout out to the District Engineer for his diligence in developing and coordinating this project and preparing the bid documents.

Kennebunk River Well/GAC Building

The Assistant Superintendent presented a slideshow of the latest construction progress of this project. The slideshow illustrated the Contractor framing the 20-foot-high walls that were erected before the crane set the three 12' diameter pressure vessels inside the new GAC building prior to installing the roof trusses. He described the tight schedule for coordination between District staff and outside contractors and the knowledge and professionalism demonstrated by all parties.

Arundel Interconnection Metering Project

The Assistant Superintendent presented a slideshow that illustrated the installation of the Flow Control and Meter Vault to accurately manage the interconnection with the Maine Water Company. He described the details of the construction that were undertaken and noted that an oversized trench box had to be leased which required two excavators to assemble because of its massive size and weight.

Main Replacement – Agamenticus Road, Ogunquit

The District Engineer described the extent of the main replacement that was achieved prior to ending the construction for the winter. The District's work is anticipated to resume in April and be complete in advance of the Town's road reconstruction project.

Solar Power Purchase Agreement

The GIS/Asset Management Coordinator reported that Revision Energy had submitted a proposal for a 1.3 MW ground mount and a 118kW rooftop array project. It was discovered that the benefit of a Power Purchase Agreements (PPA) from a large-scale ground-mount solar system (1.3 megawatts) system would only be achieved if the majority of our power came from the Central Maine Power (CMP) service territory. However, the majority of KKW power comes from consumer owned Kennebunk Light and Power (KLP). It was also discovered that the small scale of the 118kW rooftop array was not large enough to reduce electric costs. He outlined subsequent discussions he's had with KLP Manager Todd Shea in which they agreed to collaboratively explore solar possibilities that could benefit both KKW and KLP.

Phone System Upgrade

The GIS/Asset Management Coordinator reported that he anticipated the installation of the new phone system to commence in January.

HR Maine – Employee Handbook

The Superintendent explained that it was recently discovered upon the death of employee Steve Spofford that the accrual of sick time is only paid out when an employee retires. He presented proposed language that sick time payout provision would include when an employee passes away also.

On a motion by Trustee Oliver, seconded by Trustee Burrows, it was unanimously voted to revise the language in Personnel Policy #133 to include the death of an employee in the sick time payout consistent with a retirement.

He then reported that the update of Personnel Handbook with assistance from HR Maine continues. The goal is to make the Policy/Handbook easier to understand and administer.

OTHER BUSINESS

Proposed 2020 Holiday Schedule

The Superintendent outlined 11 holidays that are observed throughout the year. He proposed that the 'floater' holiday will be observed on December 24th. There was no Board opposition.

Proposed 2020 Trustees' Meeting Schedule

The Superintendent presented a calendar proposing that the Trustee meetings be held on the last Wednesday of each month except in November when the meeting will be held on the third Wednesday. The Board concurred with the schedule as proposed.

Superintendent's Report

The Superintendent thanked **Charlie Brown** for setting up the Christmas tree in the Front Office. He also acknowledged **John Gove** for his quick response in helping a woman who had fallen in the parking lot during the Spofford memorial. He thanked **Kathleen Chapin** for periodically supplying inspirational leadership weblinks. He also acknowledged **Wendy Lank**, wife of employee Mark Lank, for reminding him how important sending a quick personal note is. The Superintendent was also impressed with **Eddie Thyng** who joined other staff members at a grief counseling session at the District the day before his knee surgery. In closing, he praised the entire organization for the support they've given to Steve's family during their difficult time of mourning his death.

Next Regular Meeting

The next regular meeting of the Board of Trustees will be held on Wednesday, January 29, 2020 in the Conference Room at the Office Complex, 92 Main Street, Kennebunk, Maine at 2:00 pm.

Adjournment

On a motion by Trustee Oliver, seconded by Trustee Burrows, it was unanimously voted to adjourn the December 18th meeting at 3:20 pm.

Respectfully submitted,



Stephen P. Cox, Clerk Pro Tem

