

MINUTES OF THE BOARD OF TRUSTEES December 22, 2021.

The regular meeting of the Board of Trustees was called to order by President Fred Lynk at 1:01 pm. Trustees Tom Oliver, Jim Burrows and Bob Emmons attended along with Superintendent Steve Cox, Assistant Superintendent Scott Minor, Treasurer Wayne Brockway, Accountant Cathy McLeod, Distribution Manager Keith Archibald, Plant Manager Bill Snyder, District Engineer Jamie Paschal, Front Office Supervisor Kathleen Chapin and Administrative Assistant Cindy Rounds.

MINUTES — November 17, 2021 Meeting

On a motion by Trustee Oliver, seconded by Trustee Burrows, it was unanimously voted to approve the Minutes of the November 17, 2021 meeting as presented.

PUBLIC COMMENT

There was no public comment.

TREASURER'S REPORT

October Financial Report

On a motion by Trustee Oliver, seconded by Trustee Emmons, it was unanimously voted to take agenda item 5B (COLA Wage Adjustment) out of order and address it as part of the Treasurer's Report.

The Treasurer presented the October financial report and revenue analysis and comparison to budget financial report. He reported that annual metered account revenues were \$4,295,454 indicating a 6.3% favorable variance of \$256,235. Seasonal metered account revenues totaled \$1,282,741 indicating a 5.5% favorable budget variance of \$67,237. Total metered revenues were \$5,578,194 indicating a 6.2% favorable budget variance of \$323,471 and a 6.8% increase in the year-to-date billed usage from 2020. There were four System Development Charges (SDC) collected in October (\$6,622). The year-to-date total of 119 (\$219,845 net of adjustments) compared to 125 (\$206,703 net of adjustments) in 2020 is about \$20,000 above the full year 2021 budget through October.

On a motion by Trustee Oliver, seconded by Trustee Burrows, it was unanimously voted to approve the October financial report.

The Treasurer continued with an overview of the November revenue analysis and comparison to budget. He reported that annual metered account revenues were \$4,657,290 indicating a 6.1% favorable variance of \$269,362. Seasonal metered account revenues totaled \$1,394,863 indicating a 2.3% favorable budget variance of \$31,820. Total metered revenues were

\$6,052,153 indicating a 5.2% favorable budget variance of \$301,182 and a 0.3% decrease in the year-to-date billed usage from 2020.

The Treasurer followed with a review of the December revenue analysis and comparison to budget. He reported that annual metered account revenues were \$5,191,125 indicating a 4.8% favorable variance of \$236,706. Seasonal metered account revenues totaled \$1,662,052 indicating a 5.7% favorable budget variance of \$89,592. Total metered revenues were \$6,853,177 indicating a 5.0% favorable budget variance of \$326,298 and a 1.8% decrease in the year-to-date billed usage from 2020.

COLA Wage Adjustment

The Superintendent opened the discussion of his recommendation for a cost-of-living (COLA) wage increase for employees that would become effective January 1, 2022. He explained that he, the Treasurer and Assistant Superintendent took the Consumer Price Index (6.71%), what area utilities are considering for their wage increases, the proposed 2022 Operating budget, revenue projections and the economy all into account. He asked the Board's consideration of his recommendation for a 6% wage increase. Further discussion ensued. Upon inquiry, the Treasurer noted that the last time a COLA wage increase as high as 6% was in 1988 (prior to the Merit Award Program). The Superintendent added that the 6% recommendation has been factored into the proposed 2022 Operating budget.

On a motion by Trustee Oliver, seconded by Trustee Burrows, it was unanimously voted to award a 6% COLA wage adjustment to employees.

Trustee Oliver asked that consideration be given to a newsletter article that explains the effects from inflation and the drivers of a rate increase.

2022 Operations Budget Review & Approval

The Treasurer provided a detailed analysis of the proposed 2022 Operating budget and the estimated 2022 cash flow summary. The Superintendent further elaborated on some details of the budget and addressed questions from the Board. A lengthy discussion was held.

On a motion by Trustee Oliver, seconded by Trustee Burrows, it was unanimously voted to approve the 2022 Operating budget as presented.

The Superintendent recognized the scope of work required to develop this budget and thanked the Treasurer and Accountant for their hard work especially as the new business platform is being implemented.

2022 Capital Budget Review & Approval

The Assistant Superintendent provided a detailed analysis of the proposed 2022 Capital budget that was compiled after a comprehensive and lengthy collaborative effort involving all department managers, the technology committee and others within the organization. He

explained the summary sheet that illustrated the budget categories and funding sources for the projects. During the lengthy discussion, he noted that the Drinking Water Program (DWP) has issued the 2022 Primary and Backup SRF project lists. For 2022, the Primary List included 27 projects that were awarded at a total of \$51.85M while the Backup List included another 55 projects requesting an additional \$90.7M. He further elaborated that all three of the District's 2022 project requests were included on the Primary List for a total of \$4,826,000, which will include 20% (\$965,200) in principal forgiveness. He also provided a detailed budget versus cost comparison summary of all 27 SRF projects that the District has been awarded dating back to its first project in 2008. Including the three 2022 SRF projects, the District has been awarded a total of \$20,983,214, which includes a total of \$1,472,191 (7%) in principal forgiveness. Upon inquiry, the Treasurer provided an overview of the District's debt service noting that there are not any bonds scheduled to sunset until 2027.

On a motion by Trustee Oliver, seconded by Trustee Emmons, it was unanimously voted to approve the 2022 Capital budget, in the requested amount of \$7,519,741, as presented.

The Assistant Superintendent thanked the Department Managers for their timely response and collaboration during the budget development.

2022 Section 6104 Rate Increase Proposal

The Treasurer outlined the proposed 4% rate increase to the Board. He noted that a Section 6104 increase is a simplified format. The increase will be across the board for all metered water rates as well as public and private fire protection rates to achieve the revenue requirements. The proposed effective date will be April 1, 2022.

On a motion by Trustee Oliver, seconded by Trustee Emmons, it was unanimously voted to authorize the Treasurer to file the rate increase for water rates and fire protection at a 4% level across the board. The Treasurer will develop the timetable of requirements that will be followed, which will include holding a public hearing.

Project and Operations Updates

COVID-19 Operational Update

The Superintendent reported that the District continues to monitor COVID events through the collaboration of the Kennebunk Task Force.

Water Supply & Production

The Assistant Superintendent presented a report that included monthly precipitation, water production statistics and water production cost charts.

He reported that 53.75MG of water was produced in November, down by 4.07MG (7.3%) from 2020. The YTD total of 1,062.00MG for 2021 was .02MG (0.002%) higher than 2020 and 9.92MG (.93%) lower than 2016 (year of record). Looking at the annual water production rankings, 2021

is on track to finish either #2 or #3 with 2016 to remain the year of record. The supply source summary for November indicated that Branch Brook provided 33.133MG while 20.619MG of groundwater was supplied by the Kennebunk River well with no water purchased via the system interconnections.

Liquid precipitation recorded at the Filtration Plant was 2.90" (5 rain events) for the month of November, below the monthly average of 4.5". The November YTD total of 49.11" was slightly above the YTD 18-year group average of 49.04". The aquifer levels for all groundwater supplies are not a concern at this time, especially for the Merriland River Well which was taken off-line six weeks resulting in a nearly full aquifer.

He noted that the chemical cost of treating surface water for November decreased significantly from \$276.50/MG to \$234.75/MG while groundwater experienced a modest decrease to from \$146.60/MG to \$142.79/MG. This resulted in a blended water cost of \$199.47MG for the month of November.

Year to date, the surface water cost decreased slightly to \$244.89/MG while the groundwater cost is \$140.66, resulting in a blended water cost of \$204.24/MG which is tracking about \$6/MG more than last year.

He brought the Board's attention to the (2019-2021) monthly water production versus metered revenue comparison chart which indicated that November's \$473,958 metered revenue was \$353,126 lower than 2020 and \$136,038 lower than 2019. The 2021 YTD metered revenue total of \$6,052,154 indicated a decrease of \$65,383 over 2020 and a gain of \$677,547 over 2019, respectively.

AMI Meters

The Front Office Supervisor reported that 48 meters were installed in November, bringing the cumulative total to 13,935 (year to date 2,105), representing approximately 95.8% of all customer accounts, including 88.4% of seasonal accounts and 97.8% of annual accounts. She indicated that the remaining 11.6% of seasonal customers will be strongly encouraged to change to an AMI meter in order to have their water restored in the spring. Through December 20th, 75 meters were installed this month.

GAC Facility

The Assistant Superintendent reported that the latest PFAS tests were conducted on December 8th however the results were not yet available. He summarized the results of the November 9th PFAS tests which corresponded with a cumulative total of 372.6MG being treated. They indicated that in the top 25% of Filter #1, PFAS was undetected, which is likely a lab error since the water coming from the sand filter into the Filter 1 was found to contain 45.90ppt of PFAS. The PFAS levels in the water leaving the Filter #1 contained 24.39ppt while the top 25% of Filter #2 contained 16.81ppt and the water leaving Filter #2 contained 9.02ppt. The finished water

entering the system after leaving the Kimball Lane Treatment Facility showed levels of 9.74ppt which remains well below Maine's maximum allowed level of 20.0ppt.

Sodium Hypochlorite Conversion at the Filtration Plant

The Plant Manager updated the Board on this project. He reported that progress has been made on the CT (concentration-time) calculations and pace-to-flow programming for chlorine. He said he expects to use one more 1-ton chlorine gas cylinder before the conversion to hypo. Following the holiday, the Facilities Department will demolish the concrete base on which the gas cylinders sit to make room for the hypo tanks and containment wall. The gas cylinders will temporarily be relocated to the other end of the room to facilitate removal of the concrete base.

Drakes Island Road (Wells) Main Replacement

The Distribution Manager reported the project is nearly done for the year as he anticipated the final connection will be made next week at the intersection of Drakes Island Road and Eaton Avenue. Since the pavement plants are closed, the backfilled excavation will receive a concrete patch that will need to be removed and repaved next spring. A photo of a piece of (pre-1921) 6" main that was removed was then displayed. It showed thick tuberculation had built up inside the unlined cast iron pipe. The Assistant Superintendent explained the effects of tuberculated pipes on aesthetic water quality (color and taste). The Superintendent sent kudos to the Distribution crew working on this project throughout the difficulties and pitfalls they encountered during the replacement.

Interconnection Use and Planning

The Plant Manager reported he will be meeting with York Water District. They will likely be taking 100gpm starting in January. He added that he has been in discussions with Maine Water. He noted that Maine Water s agreed to start taking water (50-75gpm) in January.

Chemical Bids

The Plant Manager presented the results from the SMRWC chemical bids and the corresponding price increases.

-The Assistant Superintendent followed with a cost comparison chart for the past five years that showed the cost per pound bid results for the various chemicals the District uses. The inflationary pressures on the 2022 chemical bid prices were evident with some price increases exceeding 25%. He noted that there are approximately 40 water and sanitary utilities that participated in the SMRWC chemical bid process this year.

Other Business

Employee Recognition

The Superintendent was pleased to recognize the efforts of the Assistant Superintendent and the Department Heads in building the Capital budget. He also extended his thanks to the Treasurer and Accountant for their work on the Operation and Maintenance budget.

Winter 2022 Newsletter

The Superintendent reported that the initial planning meeting for the winter 2022 newsletter was held and is expected to be filled with valuable information. The Board was invited to propose topics for an article or to submit an article from the Trustees' perspective.

Public Advocate Nomination

The Superintendent explained that Governor Mills has recently nominated Atty. William Harwood (Verrill) for the Public Advocate position that was vacated by Barry Hobbins. Mr. Harwood is very knowledgeable in utility law.

WATERSHED

Central Maine Power (CMP) Transmission Line Erosion

The Superintendent was pleased to report that Central Maine Power has committed to repair the erosion damage along their transmission lines in Kennebunk within the watershed. He added that CMP is collaborating with Rick Jones Associates and has entered into an agreement with Drummond Environmental to undertake some of the design of the restoration and conduct a pilot study during the winter to determine how they can eliminate the erosion.

Jones Associates Trail Restoration

The Superintendent reported that the first phase of trail restoration undertaken by Jones Associates has been completed.

Chick's Crossing Road property

The Superintendent informed the Board that the property that the District actively bid on in Wells has a conceptual subdivision plan (20 lots) developed. A meeting was held with Branch Brook Watershed Committee, including the GIS Coordinator. They were in agreement that it would be beneficial to invite the developer in to discuss the District's watershed protection goals.

Administrative Updates

Business Platform Discovery

The Superintendent reported that the District is officially on the PayCom payroll system. He extended "hats off" to the Accountant for her engagement in the implementation of the platform especially for pulling all the information together in a timely manner. The Trustees will be shown

the method for providing their time although the Accountant offered to do that for them. PayCom will be responsible for issuing the employee W2s.

The Superintendent added that he and the Treasurer have arranged a kickoff meeting with a phone call tomorrow to start the implementation of MuniLink, the customer service platform. From that, he anticipated full implementation of all the new platforms could be around July or August.

Campus Evaluation Committee

The Assistant Superintendent gave an overview of the success of the (3 hour) December 15th meeting with WBRC Architects and Engineers and the Committee. The meeting focused on conceptual designs, location of the building, principal placement of offices in reference to other departments, flooring, lighting, etc. The next meeting, scheduled for January 5th, will analyze the design progress from information sought from and submitted by Committee members in regards to the appropriate floor plan. Trustee Emmons was impressed with the collaboration with the architects and the technology of illustrating a floor plan. The Assistant Superintendent elaborated on a couple of potential locations for the building.

Following the campus topic, there was a brief discussion about the concern from town residents of a 350-site campground (with a waterpark) being proposed on property on Route One neighboring Summer Village Cottages in Moody.

Next Regular Meeting

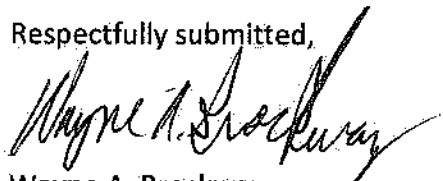
The next Board of Trustees meeting will be held on Wednesday, January 26, 2022 at 2:00pm in the Conference Room.

Trustee Lynk noted his appreciation in receiving a Christmas card signed by the District employees.

ADJOURNMENT

On a motion by Trustee Oliver, seconded by Trustee Emmons, it was unanimously voted to adjourn the December 22, 2021 meeting at 2:58 pm.

Respectfully submitted,



Wayne A. Brockway