

8 December 2009

MEMORANDUM

From: Manager
To: Board of Trustees

Subj: **MANAGER REPORT AND MINUTES FOR THE TRUSTEE MEETING 24
NOVEMBER 2009**

The Board of Trustees convened at 1900 hrs. In attendance: Trustee Pinkham (Chair), Trustee MacPhee, (Vice Chair), Trustee Curtis (Treasurer), Trustee Marston, Jon Ziegler, Manager, Bob Raudenbush, Administrative Manager (AM). Guest: None Absent: Trustee Carter (Clerk).

1. The minutes of the 10 November 2009 trustees meeting were approved with revisions.
Trustee MacPhee motioned, Trustee Curtis second, vote: unanimous
2. Warrants 63, 64, & 65 were approved.
Trustee Marston motioned, Trustee MacPhee second, vote: unanimous
3. The manager reported that on 24 November 2009 Trustee Pinkham and he had hosted the East Boothbay Water Main Replacement Project pre-construction meeting. Representatives from Bill Whorff Construction, Rural Development (RD), Boothbay Harbor, Boothbay, AM and distribution foreman were also in attendance. The contract documents and responsibilities were reviewed and a tentative timeline had been agreed to with the project commencing 30 November in completing sometime mid-March 2010. Both towns have agreed to allow winter construction and the project. A walk-through was scheduled for 7 December 2009. The manager reported the first construction meeting will be 23 December 2009.
4. The AM presented a new format for the budget showing the financial picture to the trustees. The current budget is within parameters for this time of year.
5. The AM had nothing new to report concerning the district's safety program.
6. The manager reported the town of Boothbay had installed the piers for the gate to the Adams Pond Dam.
7. The manager reported on the status of the following treatment plant operations:
 - a. Treatment Plant Operations – The plant was running at good efficiency.
 - b. Sodium Hypochlorite – Construction had begun. The concrete work was complete, the eyewash station had been installed and the piping was now in process. In addition, the manager reported the chlorine gas was removed from the site the previous week. The manager reported he was keeping a photo-diary and will present a video at the conclusion of the project. The estimated completion date was 21 December 2009
 - c. LT2 Monitoring – Last colony counts was again 0.

8. The manager reported the distribution crew was now into winter maintenance. The manager informed the board that he was holding off until the first of the year before reassigning any staff into treatment for mid-level maintenance projects.
9. The manager and AM met with EJP concerning a possible GIS contract. The manager provided the board a copy of EJP's proposal which was the manager admitted was inaccurate and needed to be re-worked. This was due to further defining the scope of services. The manager ended by informing the board that further work on GIS would most likely not be pursued in 2010 because of budgetary constraints.
10. The manager reported that the preliminary field work was complete for the SWAP and that the district's contractor was working on the final update.
11. The manager reported that the master plan was still in-process but very near completion. The board of trustees discussed the tardiness of this contract and thought it not typical of Wright-Pierce performance. The manager was instructed to draft a letter for the board's consideration to be sent to Wright-Pierce expressing the board's dissatisfaction with performance related to this project. The manager was to have a draft ready for trustee review at the 8 December 2009 meeting.
12. Trustee Pinkham and the manager reported that they had met with RD and Dirigo Engineering and discussed the possible funding of the Commercial Street Water Main Rehabilitation Project. The manager discussed that it looked as if we will be requesting an additional \$400,000 in loan/grant if there was expected savings with the East Boothbay Water Main Rehabilitation project. RD was provided a copy of draft district master plan to show that this was a priority for the district. Dirigo Engineering was preparing a placeholder for the district with RD who was on record as having no problem funding this in a similar vein as the East Boothbay project.
13. The manager provided the trustees with a draft copy of the Boothbay Region Water District 2010 Budget and requested it be an agenda item for the 8 December 2009 trustee meeting. The board agreed to this request with Trustee Curtis asking the board to review the document and preparing any comments for that meeting.
14. The meeting was adjourned at 1950 hr.
Trustee MacPhee motioned, Trustee Marston second, vote: unanimous

END OF MINUTES

MANAGERS REPORT

1. The following report lists actions taken by the district since the previous Board of Trustee meeting on 24 November 2009.
2. **EAST BOOTHBAY WATER MAIN REPLACEMENT PROJECT** – On 7 December 2009A final walk through of the construction zone was conducted. In attendance was Whorff, Jody, Tom W., JA, Dale, me and Dirigo. The work plan was gone over in detail and a memorandum (see attached sheet) is an understanding between all parties. Drilling and blasting started today. A lay down area has been designated at the Masonic Hall in East Boothbay.

The district had to negotiate an easement with Hodgdon Yachts for main looping. This was tricky only in placement because it needed to be placed to fit a planned expansion by Hodgdon. There will be a public informational meeting on 9 December 2009 at 1800 at the East Boothbay Fire Station. Whorff will be providing an updated timeline for the work within the next few days.

3. **2009 BUDGET** – Bob will provide a full update complete with charts and graphs.
4. **2010 BUDGET** – Lew had comments. The following is a narrative as provided back to Lew.

Comment 1 - *Does what we've said in the Exec Summary match our already approved "Priority Lists"?*

Action or Answer - Yes the proposed budget mirrors the most recent priority list which was approved in 2008. In 2009 we were hoping to use the master plan which as we know is still not accepted. Anyway I have attached the 2008 list and annotated in Red the projects that will have been completed by the beginning of 2010. There is one deviation, that being the East Boothbay Water Main Rehabilitation Project but we know that that was a special case. Both the work in 2009 and what is proposed is consistent with the priority list and what has been done thus far with the master plan.

**Boothbay Region Water District
2008 Priority List**

Funding Required	Operational	Ongoing Upgrade
West Harbor Tank Upgrade †	Dam Overhaul 2008 †	Security Upgrade †
Union Court Rehabilitation † ‡	Demolition of East Boothbay Standpipe †	Watershed Acquisition
Commercial Street Upgrade	Chlorine Gas Replacement with Sodium Hypochlorite	Vehicle Upgrade
Rice Road/Barlow Hill Upgrade	SCADA Upgrade for Plant Operations	Replacement of Galvanized Pipe
Blow Horn Road Loop (Seasonal) †		Hydrant Upgrade and Replacement
Concrete Pad for Pipe Storage		Geographical Information System (GIS)
Blue Building Rehabilitation		
Sea Street CDBG and Replacement †		

Comment 2 - *I've gone through the line items, but I need help finding where we are getting the "big infusion of cash" to build up our reserves*

Action or Answer – I am not absolutely sure what you are asking. In the detailed budget, the very first line item shows that we had projected in 2008 for the 2009 budget that we would have a contingency of \$800K. We will fall short of that with an estimated \$453K +/- and an additional \$120K we hope to carry over in checking. This budget is not proposing a major jump in contingency. I will consider this budget a success if we hold the line. We are sure that we will need a rate increase at the end of this year and I think we should address contingency growth at that time.

Comment 3 - *We're going to add hydrants in E. Boothbay to satisfy Washburn & Doughty, as well as Bigelow. So why are the fire protection fees for Boothbay level from 2009?*

Action or Answer – The fire protection fees we charge the towns are set at each rate filing by the PUC. Therefore this work we will be doing will not be reflected until the next rate case. That said the percentage breakout for fire protection fees when we merged was 75% BBH & 25% BB. After the Kenniston Hill and Murray Hill at the 2004 rate increase that ratio changed to 66% BBH and 33% BB. At the 2010 filing I suspect the rate change will be closer to 60%/40%. Another point on this is that I intend to include Southport in the next filing for a portion of fire protection. It will be small but they now have fire protection which they did not have originally and they owe in the percentage as well.

Comment 4 - *SEC I A Revenues:415--(correction) Jobbing revenue was below anticipated levels. (last sentence correction) These were well off due to weather and economy*

Action or Answer – Done.

Comment 5 - *417.5--Minor Income--shouldn't it say" anticipated reimbursement from grants. . ."*

Action or Answer – Yes it should and that correction has been made.

Comment 6 - *601.83--Health Insurance & Dental--last sentence is not complete. As it stands it doesn't make sense. What are we getting at?*

Action or Answer – Health insurance is our single biggest expense. I wanted to annotate that somehow. We are looking at blending some self-insurance for a higher deductible plan. We enter into Union negotiations this fall and this is really the only issue. We need to get it under control and everyone agrees with that. To the unions credit they have given back raises to keep the plan we have which is a hidden savings. Our employees are not compensated out-of-line with industry averages so I am not worried about that. I just want to let you and the trustees, and whoever picks up this public document, that this is something that is necessary, expensive and something we need to work on together to control. I would like to talk about this at the next meeting just so we are all on the same page and I will try to rework a brief description.

Comment 7 - *618--Chemicals--Next to last sentence, change to read: "As of this date the biggest factor in the decrease is that there were 2 million cubic feet less than last year of finished water requiring chemical treatment."*

Action or Answer – Done.

Comment 8 - 620.62--*Mains and Services--Are we saying we should stop case-by-case approvals?*

Action or Answer – No what I meant is we accomplished more upgrade than we had originally proposed. These opportunities came up on a case by case basis and either had to do with catastrophic failure and instead of patching back on a marginal system we decided to do an upgrade or it revolved around the towns paving plans. The towns paving plans are haphazard at best so we have to be reactionary in our upgrades if we want free paving. I will re-work the description.

Comment 9 - *SEC II Analysis of 2010 Budget A--Budget Objectives--(2nd Paragraph correction) "2009 was a very poor year for both revenues and expenses. Expenses were high. ,"* (3rd Paragraph correction) *A better and more appropriate word in place of 'abjuration' would be 'anomaly', i.e. "2009 was an anomaly."* (5th Paragraph correction) *1st sentence: Add after "not accepted" the words "The Master Plan" and put a period after the word "yet". Then a new sentence: "The Master Plan has synthesized. . ."*

Action or Answer – Done.

Comment 10 - 618.49 *Chlorine--Why isn't it being removed as a budget line item?*

Action or Answer - It will on the next budget. However, I can remove Ammonia because there is no carry through or comparison for this budget.

Comment 11 - *Admin. & contractual--Why are we budgeting less this year when we had overruns last year?*

Action or Answer - Our actual consultation need has decreased for day to day stuff. We are designing our own upgrades and are using vendor services now more for free or low cost. The run-up in 2009 was due to the East Boothbay Water Main Rehabilitation Project and will be reimbursed, in large part, in January. The heavy budget overrun is a phantom.

5. **SAFETY UPDATE** – We are awaiting Greg Kidd to schedule the annual safety refresher which will happen this month.
6. **ADAMS POND DAM GATE** – Complete, the fire chief and town manager have been thanked.
7. **TREATMENT PLANT** –The status of the following:
 - d. **Treatment Plant Operations** – The plant is running at good efficiency.
 - e. **Sodium Hypochlorite** –Construction continues. The piping has been completed and hydro tested. The injection pumps remain to be installed and injection line, which will take approximately a week to construct and install, is in process. We will be completing the final electrical and control connections on 14 December and expect the first shipment for the new tank on 18 December. Shakedown and start-up is slated for the week of 21 December.
 - f. **LT2 Monitoring** – Last colony counts was again 0.

8. **DISTRIBUTION** – We are into meters and replacing service boxes as the weather permits. The crew has begun the final outfit of the service trailer and repairing broken equipment. With the project starting the foreman will be devoting a great deal of time to the project and some of the day-to-day management activities will be transferred to the assistant foreman.
9. **KNICKERKANE BRIDGE** – I am meeting with Jerry Quirion on Friday to put this to bed. .
10. **GIS** – Nothing.
11. **MASTER PLAN** – The final draft was delivered on 7 December 2009.
12. **SWAP UPDATE** – In process.
13. **BIGELOW LABORATORY CONSTRUCTION** –Nothing new to report.
14. **ALLEY EASEMENT** – In process
15. **FARRIN VS. MITCHELL**- All is not quiet on the western front. Mr. Farrin was coaught burying trash and other materials on district property yesterday. I am awaiting confirmation from the state fire marshall..
16. **COMMERCIAL STREET EXTENSION** –Updated the town on previous efforts
17. **SUSTAINABLE WATER USE** – I was contacted by the drinking water program who will be making the first visit so that the Peoples Republic of Maine can start rationing the Peoples water on the peninsula. The process begins the week of Christmas.
18. **MWUA BOARD OF DIRECTORS** – Marian Anderson is leading an effort to take over the Richmond Utilities District. Other hot items include the opening of the legislative session with five bills of interest. One that sounds ominous but has yet any text is LR 2266 *An Act Concerning the Establishment of Water Levels*. ?????????????? I will keep an eye on this one, may need to rally the trustee troops again.

WATER QUALITY/QUANTITY REPORT

1. Adams Pond has in excess of 245,000,000 gallons the water quality is very good.

UPCOMING PROJECTS, REPORTS, CORRESPONDENCE OR ACTION ITEMS

1. December 8 and 9 MRWA Annual Conference in Freeport. (We are going to win the taste test!!)

Respectfully Submitted,

Jonathan E. Ziegler
Manager