

12 July 2016

MEMORANDUM

From: Manager
To: Board of Trustees

Subj: **MINUTES FOR THE TRUSTEE MEETING 28 JUNE 2016**

The Board of Trustees convened at 1900 hrs. **In attendance:** Trustee Pinkham, Boothbay Harbor (Chairman); Trustee Gamage, Southport (Vice-Chairman); Trustee Reed, Boothbay Harbor (Clerk); Trustee Lewis, Boothbay (Treasurer); Trustee Marston, At-Large; Trustee Climo, Southport; Trustee Higgins, Boothbay; Jonathan Ziegler, Manager. **Guest:** Senator Chris Johnson, Ms. Sue Mello, Natural Resource Program Manager (NRPM) & Ms. Maya Schwehm, Summer Intern. **Absent:** None.

1. The board approved the minutes for 14 June without revision.
Trustee Gamage motioned, Trustee Marston second, vote unanimous
2. The **Payroll** for weeks ending 14 June 2016 & 21 June 2016 were approved.
Trustee Climo motioned, Trustee Reed second, vote unanimous
3. The **Transactions** for 13 June 2016 through 24 June 2016 were approved.
Trustee Climo motioned, Trustee Marston second, vote: unanimous
4. Chairman Pinkham welcomed Senator Johnson to the board meeting where discussion quickly began to gravitate towards the shenanigans perpetrated by the Maine legislature's *Judiciary Committee* over the past several years with regard to either disallowing remote participation of trustees to meetings or severely crippling full participation of trustees if using remote participation. Senator Johnson provided the board with history concerning these efforts as well as alerting the board that "he was on their side" regarding the matter. Conversation also took place at the conclusion of the manager's report on various efforts within the legislature. The board thanked Senator Johnson for visiting and providing critical information to the board.
5. **FINANCIAL** – The manager provided the board the *BRWD Budget Performance Summary as of 31 May 2016* (see Table 1). He went on to describe the apparent cost overrun for *Line Item 620 Materials & Supplies* as well as the same for *Line Item 635 Contractor Other*. The manager explained the Line Item 620 overrun was due to the unexpected and unplanned upgrade for both the sodium silicate and aluminum sulfate bulk storage areas wherein the Maine Drinking Water Program (DWP) highly recommended the district install day tanks to these systems during their tri-annual sanitary inspection completed in February 2016.

The Line Item 635 overrun was due to the payment made to the town of Boothbay for alleged surveillance of the Adams Pond and Knickerbocker Lake watershed and enforcement of state of Maine law in both watersheds. The cost to the district for 2016 to ensure the town complies with Maine environmental laws and regulations, and may enforce same, was in excess of \$29,000.00.

Table 1

	May 16	Budget	Jan - May 16	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
415 - Jobbing	28,170.00	17,609.38	45,043.74	36,879.38	100,000.00
419 - Interest Income	204.18	132.44	442.95	277.58	1,000.00
460-RD Grant Revenue (KHS-RD Grant & Loan)	0.00		6,847.65		
461 - Revenue Accounts	918,144.22	924,700.60	1,311,137.81	1,329,130.15	2,465,082.78
Total Income	946,518.40	942,442.42	1,363,472.15	1,366,287.11	2,566,082.78
Gross Profit	946,518.40	942,442.42	1,363,472.15	1,366,287.11	2,566,082.78
Expense					
403-Depreciation Expense	100,000.00	113,332.00	247,500.00	283,330.00	680,000.00
408 -- Taxes other than Income	7,734.99		19,683.01		
427-Interest Expense	48,840.96	48,418.72	118,632.59	119,728.12	288,952.12
601 - Wages	93,032.22	97,312.28	228,920.04	237,398.45	575,173.44
603 - Trustee Fees	8,926.02	0.00	8,926.02	9,723.09	9,723.09
604 - Employee Pen. & Benefits	52,197.20	51,233.48	137,034.99	136,182.05	324,471.34
615 - Electricity	9,034.54	8,852.96	17,464.61	23,849.57	66,523.90
616 - Generator Fuel	0.00	93.44	0.00	750.00	750.00
618 - Chemicals	7,008.94	2,976.75	19,655.55	8,342.25	37,171.57
620 - Materials & Supplies	55,549.21	31,328.60	108,725.74	71,680.21	215,250.00
620.7 - Postage	126.67		126.67		
631 - Contr.-Engineering	3,297.55	4,745.79	6,737.09	10,460.77	15,000.00
632 - Contr. Accounting	7,000.00	10,447.99	27,655.00	65,000.00	70,000.00
633 - Contr. Legal	0.00	242.93	523.50	242.93	5,000.00
634 - Other Professional Fees	5,106.33	9,812.08	12,515.97	17,617.62	40,000.00
635 - Contr-Other	54,359.53	22,045.10	80,136.10	55,115.64	197,450.00
642 - Rental of Equipment	64.44	1,000.00	462.92	1,000.00	1,000.00
650 - Transportation	4,370.68	8,752.21	10,824.81	12,526.57	32,650.00
656 - Insurance-Vehicles	0.00	0.00	0.00	2,600.00	2,600.00
657 - Insurance - Gen. Liab.	0.00	0.00	15,282.00	13,403.86	30,000.00
658 - Insurance-Workers Comp.	3,594.90	3,175.40	8,388.10	9,824.59	13,000.00
660 - Advertising	0.00	468.35	120.00	468.35	500.00
667 - Regulatory Expense	11,149.58	12,910.77	12,623.95	12,910.77	18,000.00
675 - Misc. Expenses	849.48	1,619.90	3,369.38	9,150.98	13,179.17
680.00 · Uncategorized	0.00		0.00		
Total Expense	472,243.24	428,768.75	1,085,308.04	1,101,305.82	2,636,394.63
Net Ordinary Income	474,275.16	513,673.67	278,164.11	264,981.29	-70,311.85
Net Income	474,275.16	513,673.67	278,164.11	264,981.29	-70,311.85

- a. **System Development Surcharge-** The manager informed the board that the *Boothbay Region Water District System Infrastructure Assessment* was electronically filed with the Maine Public Utilities Commission (PUC) on 16 June 2016. On 16 September 2016 the district will then be able to file a system development surcharge tariffs with the PUC with surcharges enacted for the November billing. The manager went on to alert the board that by September will send a letter to its customers explaining the surcharge program once approved by the board. The manager informed the board that it will hold a public hearing, which can coincide with a regular trustees meeting, prior to the surcharge program being adopted. The managers concluded by informing the board that it was his intent to file the surcharge order on 16 September 2016 which will make it apply to billing after 16 October 2016.
- b. **Fire Protection Rate Realignment Filing** – The manager informed the board that he would be meeting with the Maine Water Company (MWC) that week to initiate the filing to realign fire protection rates to include the town of Southport now that a viable fire protection system has a foothold in Southport. The manager stated that this effort was revenue neutral because the district was not initiating a rate case and therefore could not raise any more funding from the fire protection rates above and beyond the current level. All that was changing was the percentages, or shares, each of the three municipalities contribute. In short, once the town of Southport picks up its fair share of the quarterly cost, the towns of Boothbay and Boothbay Harbor would see varying decreases in their rates. The manager stated the district will be required to hold one public hearing which the manager recommend be held at the 26 July 2016 board meeting. If there are no disputes to this plan the new rates should be in-place 1 August 2016 with the first realigned bills going out in October.
- c. **Vehicle Replacement** – The manager informed the board that he would set up a meeting with O'Connor's including himself, the chairman and vice-chairman.

- 6. **NATURAL RESOURCES PROGRAM UPDATE** – The manager introduced the summer intern who, along with the NRPM provided the board with the following report.
 - a. On 15 June 2016 the district closed on the 70-acre Hamrin property for \$120,000.00. The funding for the purchase came from the district's Land Acquisition Account. This action, once title insurance is in hand will trigger reimbursement to the district of just over \$60,000.00. Restoration work as well as the removal of invasive species had begun and was reported to be on-track;
 - b. The district's environmental data was being compiled in a usable format as well as a compliant sampling plan was being developed; both primarily by the summer intern;
 - c. The Section 319 Grant Application was completed and hand-delivered to the State of Maine on-time. The manager congratulated the NRPM for completing this project of which he acknowledged required supreme effort with many politically active moving parts. The manager stated that he was confident a high quality product was submitted;
 - d. The district was still awaiting the revised agreement with town of Boothbay which was currently hampering district efforts to complete erosion control projects on Adams Pond Road;
 - e. The Boothbay Code Enforcement Officer had cited Mr. Ernie Morton for numerous environmental violations within the Knickerbocker watershed;

- f. Mr. John Peckenham, a leading researcher with the Mitchell Institute at the University of Maine, was including the district in a cyanobacteria study, focusing on microcystis, a cyanotoxin releasing blue-green algae, which if in sufficient numbers could cost the district in added treatment costs and public health threats; and
- g. Lastly the district had granted Ms. Kate Warner, a doctoral student at the University of Maine access to both district records as well as the district's facilities to support research for her doctoral thesis studying Total Organic Carbon and Dissolved Organic Carbon. The manager stated that the "district's fee" was a copy once completed.

The NRPM was analyzing the request of Mr. Pat Farrin concerning land acquisition and would have a report/recommendation for the board on 12 July 2016.

- 7. **SAFETY & TRAINING UPDATE** – The manager reported no injuries, safety violations or known missed inspections during the previous period.
 - a. **Human Resources** – Nothing new to report
 - b. **Training Update** – Nothing new to report
 - c. **Safety Equipment Grant Application** – With the grant in hand we have ordered the new confined space safety tripod. If the board requires a detailed report on this equipment, I have delegated the CTPO to research and order, in consultation with our safety officer, and can have him hear at the 12 July 2016 meeting to ask specific questions. Our old tripod is being donated to the Newcastle Fire Department at their request to be used for parts. This was arranged by regional EMA.
- 8. **TREATMENT DIVISION (TD)** – The manager reported that clarifier and filter efficiency remain at 100% with chemical addition ratios down 25% on a per-unit basis as compared to the previous report. The drop-off was typical with extended dry conditions. Without rain, runoff was nil lessening the turbidity input to the water reserves. Less incoming turbidity lessened the amount of nutrients in the water causing less algae and other microbe growth. The manager concluded with less biological activity in the raw water, fewer chemicals were necessary to treat it.

Average flow for the previous period, as compared to 2015 was significantly up, averaging 0.8033 MGD with two near miss 1 MGD days already. Normal water demand for this time of year averaged 0.6248 MGD. As previously described the raw water quality was outstanding and the current product being produced was of excellent quality.

Adams Pond's usable capacity has dropped to 215 MG with Knickerbocker Lake's usable capacity coming in at 572 MG.

The manager informed then board that he had begun monitoring the U.S. Drought Monitor and the Palmer Drought Index. The Boothbay region was currently in a *D1 Moderate Drought* condition. The D-scale goes from *D0 Abnormally Dry* to *D4 Exceptional Drought*. The manager stated that he was not overly concerned at this point in the season with the districts reserves remaining very good and now that the district had built in redundancy for water reserves to withstand a severe drought. That said the manager assured the board that he would be monitoring drought conditions and usable water reserves for the remainder of the tourist season.

Lastly the manager informed the board that the DD would be switching to Knickerbocker Lake mid-July with the intention of, if the drought intensifies and the Governor declares a drought emergency, continuing to draw from Knickerbocker Lake until such time as either the emergency is lifted or weather conditions make it impossible to withdraw from Knickerbocker Lake.

9. **DISTRIBUTION DIVISION (DD)** – The DD had been concentrating on the various construction projects while during the previous week the district had received 7 applications for service, many year-round, some emergency, all with the intention of being connected ASAP. The manager reported a simultaneous water main break the previous day in Southport village which resulted in a one-hour outage for all of Dogfish Head region. Lastly, the distribution foreman and the customer service representative were working jointly on a proposal to establish a protocol for fire hydrant use.
10. **5 RIVERS REGIONAL WATER COUNCIL** – Nothing new to report
11. **LAND ACQUISITION UPDATE** – See 6. **NATURAL RESOURCES PROGRAM UPDATE.**
12. **CAPE NEWAGEN ROAD WATER MAIN LOOPING PROJECT** – The manager reported that during his most recent vacation it was discovered that apparently the project bond was not ready with the Maine Bond Bank (MBB) making the promised funds unavailable to pay the contractor. The manager reported that he had been in contact with district's attorney (Verrill & Dana), Osman Page, MBB and the PUC. The manager reported that the bond was going through the MBB, with the help of Verrill-Dana on the fast track. The manager presented the closing documents and had the Chairman, Clerk and Treasurer sign where appropriate as previously authorized. The manager informed the board that he would be hand delivering the closing documents to the MBB the next morning of which he expected to see full funding in the district's checking account by weeks end. Meanwhile the manager informed the board that the already due Pay Requisition #1 had been paid out of the SWEEP account by Treasurer the previous week for just under \$100,000.00. Pay Requisition. #2 was due on 5 July 2016 for approximately \$125,000.00 and it was the manager's goal to have that check covered with SRF funding.
13. **BOOTHBAY HARBOR COUNTRY CLUB, PHASE II** – On 22 June 2016 the contractor successfully removed the Boothbay Common Fire Hydrant and installed a three-way valve connection for the take-off to support the new construction. As of the meeting, the manager reported that 4 - 12" valves had been installed as well one 6" valve, one new fire hydrant and approximately 250-feet of 12" HDPE water main.

The manager then informed the board that Knickerbocker Group had paid off their debt to the district of just over \$45,000.00 for district provided design work for the project.

Lastly, the manager informed the board that Mr. Dan Flaig P.E., Wright-Pierce and the distribution foreman were that day attending a construction meeting, of which the manager would report the content in his next report.

14. **SYSTEM CONSOLIDATION PROJECT** – The manager reported that blasting operations were nearing completion. During the manager’s vacation absence, staff made a field decision to keep the entire new main on the southerly side of Route 27, with the Southport Fire Chief approving a change in location for the mid-point fire hydrant to accommodate the change. It is the contractors plan to have a future use main for Ebenecook Road and approximately 200-feet of water main installed westerly on Route 27 by weeks end.

The manager then informed the board that the contractor would, with already obtained Maine Department of Transportation (DOT) approval, leave the trench open at night after barricading the open trench with two excavators and various hard barriers. To complete this time saving move the contractor would be deploying traffic lights at night per DOT specifications to allow the seamless flow traffic. The manager explained by leaving the trench open, the continuous install method employed by the district could be used effectively speeding the install considerably.

15. **LINEKIN BAY RESORTS** – No change in status
16. **BIGELOW LABORATORY WATER MAIN EXTENSION** – Bigelow had not begun water main installation as of yet.
17. **BOOTHBAY BOTANICAL GARDENS EXPANSION** – Nothing new to report.
18. **THOMPSON FAMILY & HARRY L. PINKHAM STANDPIPE MONUMENTS** - The manager requested that the 1 July 2016 dedication for the two standpipes be moved in time to 0900 hr. at the Pinkham Standpipe and 1000 hr. at the Thompson Family Standpipe so that he could participate without his wife killing him for missing his cousins wedding in Rhode Island later that day. The board consented to the change.
19. The meeting was adjourned at 1935 hr.
Trustee Climo motioned, Trustee Reed second, vote: unanimous

END OF MINUTES

Respectfully Submitted,

Jonathan E. Ziegra
General Manager