

8 January 2019

MEMORANDUM

From: Manager
To: Board of Trustees

Subj: **MINUTES FOR THE TRUSTEE MEETING 11 DECEMBER 2018**

The Board of Trustees convened at 1800 hrs. **In attendance:** Trustee Gamage, Southport (Vice-Chairman); Trustee Lewis, Boothbay (Treasurer); Trustee Climo, Southport (Clerk); Trustee Anthony, Boothbay; Trustee Tibbetts, Boothbay Harbor; Jonathan Ziegler, Manager. **Guest:** None. **Absent:** Trustee Pinkham, Boothbay Harbor (Chairman); Trustee Tharpe, At-Large.

1. The board approved the minutes for 27 November 2018 with revisions.
Trustee Climo motioned, Trustee Anthony second, vote unanimous
2. The **Payroll** for weeks ending 27 November 2018 & 4 December 2018.
Trustee Climo motioned, Trustee Anthony second, vote unanimous
3. The **Transactions** for the period of 26 November 2018 through 7 December 2018.
Trustee Climo motioned, Trustee Anthony second, vote unanimous
4. **FINANCIAL-** The manager presented the board Table 1 – *Boothbay Region Water District Cash Account Status Report as of 11 December 2018*. The district was still experiencing quite a few real estate closings with the majority of homes going from year-round use to a version of seasonal use. The manager relayed to the board that this was a disturbing trend.

The manager reported that Mr. Weston Alley, Utilities Technician (UT), was currently training to be the backup Customer Service Representative (CSR) to handle office functions in the absence of the new CSR. The manager stated that all reports indicated that he was doing very well and would be ready just after the new year with the retirement of the outgoing CSR and the new CSR going on a long-planned cruise for two-weeks.

- a. **Rate Case** – The manager reported that on 29 November 2018 the Maine Public Utilities Commission (PUC) board of commissioners approved the district's rate case. The rate case is now officially completed with the new rates set to go into effect 0001 hr., 1 January 2019.
- b. **2019 Budget Update** – The manager provided the board with a rough draft of the Boothbay Region Water District 2019 Budget proposal (excluding an executive summary). The manager explained that before he went further, he wanted to recognize the hard work put forth by Ms. Marcia Wilson, District Accountant, Osman-Page; and Ms. Ruth Watts, outgoing CSR, for calculating a realistic, albeit conservative, revenue calculation, by line item, for 2019 under the new rate structure, using 2018 as the pro-forma year.

Table 1 BOOTHBAY REGION WATER DISTRICT Cash Account Status Report as of 11 December 2018	
Account	Balance
Business Checking	\$ 25,236.22
Deposit Sweep Account	\$ 497,339.51
Liquidity Total	\$ 522,575.73
DESIGNATED FUNDS	
BBH 2007 Sinking Fund	\$ 30.52
Land Acquisition Fund	\$ 14.68
Capital Reinvestment Fund	\$ 1.17
Mt Dora Easement Escrow	\$ 4,768.50
EBB Upgrade 91-20	\$ 2,413.05
Bank of Maine Unemployment CD	\$ 10,431.66
Designated Fund Total	\$ 17,659.58
TOTAL CASH RESERVES	\$ 540,235.31

To complete the budget process, the manager requested board guidance prior to finalizing the final budget proposal. The manager explained that there will remain a cash flow hangover from poor cash flow over the previous two to three-years which will have an effect on the 2019 budget proposal in that the district would be carrying over significant short-term debt into the next fiscal year that needed to be cleared by the end of the second quarter. Currently, the district owed \$550,000.00 to *The First National Bank of Damariscotta* of which it was the managers intention to pay off at least \$150,000.00 by the end of 2018. In formulating the draft budget proposal, the manager reported he had made the assumption that the district would holdover \$400,000.00 in short-term debt which would need to be resolved in short order in 2019. With that set as the scenario the manager asked for clarification for the following:

1. Capital Improvement Project vs. Land Acquisition Fund/Capital Reinvestment Fund Rebuilding - Because the district would be carrying significant short-term debt into the new fiscal year should the manager begin moving forward with the Capital Improvement Plan (CIP) projects or should he concentrate on banking cash? The manager went on to explain that in the present rough draft, he had programed in the *Logan Road Water Main Replacement Project* which calls for the replacement of the existing water main with approximately 600-feet of new eight-inch HDPE water to proper depth. However, the funding needed for the *Logan Road Water Main Replacement Project* would be diverted from funds that would otherwise be dedicated to be put into reserve in either the Capital Improvement or Land Acquisition Accounts. In this draft, including the proposed CIP project, the district would theoretically be able to bank \$50,000.00 in the Capital Reinvestment Account and \$55,000.00 in the Land Acquisition Account. If the board chose not to pursue a *Logan Road Water Main Replacement Project* the district would be able to add an additional \$50,000.00 in each account.

The manager then recommended to the board that the district be happy with clearing short term debt, experiencing modest increases within the districts critical bank accounts as stated above and move forward with the *Logan Road Water Main Replacement Project*. After fairly lengthy discussion, siting the ability for flexibility later on in the year by board action if need be, the manager was instructed to move forward with the budget proposal as described.

2. Replacement Vehicle – The manager reminded the board that the district had fallen behind with equipment upgrade and had one vehicle in critical need of replacement. This expenditure had been programmed into the draft budget as a cash expenditure, which creates a short-term cash hit, but overall is much cheaper in the long run. The board concurred with this strategy.
3. Meter Upgrades Phase V - The manager relayed that a very significant number of replacement meters remain in inventory from the *Phase IV Meter Replacement Program*. The manager stated that in light of this information, Phase V be held off until 2020, clearing about \$85,000.00 in short-term liability. The board agreed with this methodology as well.

The manager concluded his questions of the board and informed the board the 2019 budget proposal would be completed in short order and delivered to the board for review prior to the 8 January 2019 trustee meeting for their review.

5. **NATURAL RESOURCES PROGRAM** – The following report was provided by the Natural Resource Program Manager (NRPM):

1) End of year reporting is a focus now. We submitted our second of five annual monitoring reports to The Nature Conservancy for our Maine Natural Resource Conservation Program grant, which provided funding for the Hamrin property purchase. We will complete 319 grant and Knickerbocker Lake water withdrawal reports for DEP by the end of year.

2) We hope to complete at least one more 319 grant project before year end and have begun planning for next year's projects. Pine Woods Road (across from Jon Marsh signs) will be a joint Town/BRWD project under the 319 grant and will require a stormwater retrofit, which we will look to Dirigo to design. We will also see if we can get some buy in from DOT since the state road is part of the problem or at least could be part of the solution. Right now the road has cracked wide open and stormwater rushes through the pavement and around the road into Route 27, where it ponds, and eventually winds up in Adams Pond stream.

3) We continue to provide input and to meet twice monthly with the Boothbay planning board on watershed ordinance revisions. Pine Woods Road is a good example of the kind of poor design and construction allowed under current ordinances that has degraded water quality and will not be permitted under the revised ordinances.

6. **SAFETY & TRAINING UPDATE** – The manager reported that there had been no safety violations or known missed inspections during the previous period.
 - a. Human Resources (HR)– The manager reported that employee evaluations remained in process with the new target for non-supervisors to be completed by 14 December 2018 and supervisors by 20 December 2018. As prescribed by the contract the CPI for October was released by the United States Bureau of Labor and would be 2.5%

- b. **Training Update** – The manager relayed that the Annual Maine Rural Water Association (MRWA) Conference, held at Cross Arena in Bangor, provided staff with excellent networking opportunities as well as valuable training credit hours.

- 7. **TREATMENT DIVISION (TD)** — The manager reported filter train efficiency since the previous report has remained the same with 73 % for filter operations and 90% for clarifier performance. Raw water quality remained poor. Ice-in for the winter was recorded on 7 December 2018. Key chemical additions remained much above normal with sodium hydroxide holding steady at approximately 200% of normal and aluminum sulfate dropping to approximately 150% of normal.

Finish water production for the previous period outpaced the demand recorded in 2017 with average daily production increasing to 0.3726 MGD as compared to 2017 production for the same period of time equaling 0.2950 MGD.

- a. **Raw Water Pump #2 (RWP2)**- Since the previous report the district had received a price quote for an in-kind replacement valve which came to approximately \$8,500.00 per valve. The manager relayed that he had instructed the chief treatment plant operator (CTPO) to investigate alternatives and contact *Dirigo Engineering* for advice. Upon investigation, the CTPO found that technology since 1994, when the failed valve was originally installed, had greatly changed with new technology providing the end-user better performance and corrosion resistance, all with a price tag of \$3,300.00 per valve. Because RWP1 and RWP2 are exposed to the same environment, the manger reported he had instructed the TD staff to replace both with two now on order.

- 8. **DISTRIBUTION DIVISION (DD)** – The manager reported the DD had been concentrating on general work orders and fire hydrant maintenance since the previous report. In addition, as a good neighbor activity the district donated all of the high-density polyethylene (HDPE) pipe, fused and assembled, to the *West Harbor Pond Association* as well as constructed the manhole devices for the new siphon on West Harbor Pond. Farrin Construction was completing the tasking with the engineer being Dirigo Engineering. That project was anticipated to be completed by weeks end.

During the previous period the DD responded to only 11 DigSafe requests, a low number normal for that time of year.

- a. **New Building Status Report** – No change in status

- 9. **5 RIVERS REGIONAL WATER COUNCIL** – No change in status.

- 10. **LAND ACQUISITION UPDATE** – From NRPM report:

1) We meet tomorrow with Jack Fulmer, recently retired President of Boothbay Region Land Trust Board, to discuss watershed land conservation strategies and work to date. Jack has agreed to join our land conservation group, which we formed in 2017 but was not pursued in 2018. We will be looking to revive this effort in 2019.

11. **ISLE OF SPRINGS (IOS)** — On 3 December 2018 the manager reported that he had met with Mr. Mike Tomicelli and he was able to execute this project the manager reported that he was still waiting for final drawings from *Wright Piere* and would be stopping at their office the next day to o sign permit applications. Lastly the manager informed the board that he was still waiting for cost estimates from both Mr. Tomicelli and Mr. Fuller and planned to pull the trigger on this project in March.
12. **ALTERNATIVE ELECTRIC POWER OPTIONS** – No change in status.
13. The meeting was adjourned at 1850 hr.
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Trustee Climo motioned, Trustee Lewis second, vote: unanimous

END OF MINUTES

Respectfully Submitted,

Jonathan E. Ziegra
General Manager

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