

**KENNEBEC WATER DISTRICT
REGULAR BOARD OF TRUSTEES MEETING
THURSDAY – MARCH 16, 2017 at 7:30 AM**

The meeting was called to order at 7:30 a.m. by President Hodsdon.

Trustees present: Al Hodsdon, President; Karl Dornish, Vice-President; J. Michael Talbot, Treasurer; Allan Fuller, Clerk; Jeff Earickson, Assistant Treasurer; Joan Sanzenbacher, Trustee; Mark McCluskey, Trustee; Bill Boucher, Trustee; Frank Richards, Trustee

Trustees absent: Pat Gorman, Trustee

Also present: Jeff LaCasse, General Manager; Jefferson Longfellow, KWD Engineer; Benny LaPlante, KWD Distribution Superintendent; Sue Markatine, Recording Secretary

ITEM 1: INTRODUCTION OF GUESTS

None

ITEM 2: REVIEW AND APPROVE THE MINUTES OF THE REGULAR BOARD OF TRUSTEES' MEETING OF MARCH 2, 2017.

Motion by Trustee Sanzenbacher, "to accept the minutes of the Regular Board of Trustees' Meeting of March 2, 2017," seconded by Trustee Earickson.

Vote: Motion carried unanimously.

ITEM 3: FINANCIALS

A. ACCOUNT WARRANT

March 16, 2017

CHECKS RELEASED		Check	Dollar
Vendor	Description	Date	Amount
Postmaster	Bulk Mail Postage-Billing	02/24/17	509.63
Postmaster	Bulk Mail Postage-Billing	02/28/17	277.69
BNY Mellon Corporate Trust	2004 Bond Interest & Principal	02/28/17	38,152.08
Kennebec County Reg. of Deeds	Water Lien/Discharge Recording Fee-3 Properties	03/02/17	66.00
Somerset County Reg. of Deeds	Water Lien Discharge-1 Property	03/02/17	22.00
Postmaster	Bulk Mail Postage-Billing	03/08/17	443.03
Agway Inc.	Floor Pad/Floor Stripping Pad/Wet Mop Refill/Cleaner	03/09/17	45.75
Bluetarp Financial Inc./Aubuchon	Mop Heads	03/09/17	11.98
Budget Document Technology	Sealing Solution for Folder/Sorter Machine	03/09/17	34.45
Dennis K. Burke Inc.	Heating Oil-WTP	03/09/17	3,580.00
Central Maine Power	Monthly Electricity-Variou Locations	03/09/17	7,878.38
Town of China	Semi-Annual Real Estate Taxes	03/09/17	8,979.92
Constellation NewEnergy Inc.	Monthly Electricity-Variou Locations	03/09/17	4,030.29
Fairfield Drafting & Construction	Replace 2 Commercial Doors-FF Pump St. (Accident)	03/09/17	3,352.00
Fastenal Company	Hex Nuts/Hex Head Screws	03/09/17	8.13
GWI	Monthly Internet Service	03/09/17	284.60
Ray Haskell Ford Lincoln Mercury	Windshield Wash Nozzle-TK 20	03/09/17	6.08
HD Supply Waterworks LTD	16-Inch Bray Valve-WTP	03/09/17	4,002.01
Hight Chevrolet Buick GMC Inc.	Carriage Bolt/Lock Nut/Passenger Light for Fisher V-Plow	03/09/17	189.16
Hilltop Cleaning Service	Monthly Cleaning Service	03/09/17	611.00
Hussey Communications Inc.	Monthly Internet Service	03/09/17	250.00
Hydrus Control Solutions Inc.	Troubleshoot Bailey Controller for WTP Backwash	03/09/17	240.00
J & S Oil Company Inc.	Off Road Diesel	03/09/17	512.24
Kennebec Equipment-Fairfield	Suction Fittings/Pressure Washer Fittings for Vacuum Unit	03/09/17	27.79
Kennebec Water District	Monthly Petty Cash	03/09/17	110.38
Kodiak Steel Company	Steel-Shaft of Extendable Gate Wrenches	03/09/17	87.00
M C Disposal In./DBA CMD	Monthly Portapotty Rental	03/09/17	75.00
Maine Municipal Bond Bank	2009 ARRA Loan	03/09/17	7,527.15
Maine Water Utilities Association	Annual February Conference-Employees & Trustees	03/09/17	1,580.00
Maine Water Works Supply	Repair Clamp/BF Kits/Service Boxes/Rods/GB Covers Couplings/Pipe/Plugs/Cap	03/09/17	2,277.03
Treasurer, State of Maine	Monthly Sales Tax	03/09/17	2,528.55
Treasurer, State of Maine	Water Testing	03/09/17	26.00
MainePERS	Monthly Employer Contribution	03/09/17	7,584.52
MainePERS	Monthly Group Life Premiums	03/09/17	697.33
Phenova	Lab Supplies-WTP	03/09/17	304.65
Pike Industries Inc.	Washed Ledge	03/09/17	567.71
E. J. Prescott Inc.	Spool Piece/Gasket Kit-WTP	03/09/17	1,037.50
Spring Brook Ice & Fuel	Heating Oil-Variou Locations	03/09/17	862.71
Standard Waterproofing Inc.	Repair & Re-Coat Clearwell Tanks & Stairwell Wall-WTP	03/09/17	15,400.00
Staples Credit Plan	Copy Paper/Pens/Ink	03/09/17	489.48
C H Stevenson Inc.	Cold Patch	03/09/17	3,192.60
Thayer Corporation	Quarterly Service Agreement	03/09/17	305.68
US Bank Corporate Trust Boston	Maine Municipal Bond Bank 2011 Bond Interest	03/09/17	17,081.64
Verizon Wireless	Monthly Data Service	03/09/17	131.00
Verrill Dana LLP	Professional Services-Rate Case-January 2017	03/09/17	2,059.53

Walmart Community/GEMB	Beverages/Hooks/Carwash/Pails/Rope/Towels		
	Paper Goods/Roller/Window Wash	03/09/17	101.49
City of Waterville	Excavation Permit-Quarry Road	03/09/17	2,508.40
Wright-Pierce	Western Avenue Pumping Station Capital Project	03/09/17	18,004.98
TOTAL WARRANT			\$158,054.54

Motion by Trustee Talbot, “to ratify the total warrant of checks released for \$158,054.54,” seconded by Trustee Fuller.

Referring to the payment made to Fairfield Drafting & Construction for the replacement of two commercial grade doors at the Fairfield Booster Station, Trustee Talbot stated that this replacement was necessary due to an accident, but it was not committed by a KWD employee. A car which was turning around in the parking lot lost control due to icy conditions. KWD has been reimbursed for the cost of these repairs by the driver’s insurance company.

Vote: Motion carried unanimously.

B. Pre-Audit Year-End Financial Review

The Board members were provided with a copy of the December 2016 pre-audit detailed financial statements. A more detailed review of the year-end financials will be conducted after Mr. LaCasse has completed the Management Discussion and Analysis report. He did point out that as projected, KWD’s 2016 net income was a deficit with the bottom line being a negative \$338,262.

Mr. LaCasse also noted that, although water utilities throughout the state have typically been experiencing a decline in residential water sales, the 2016 KWD residential customer revenue is slightly above 2015. He attributes this partially to the KWD meter replacement program, which entails replacing the older brass meters which have slowed down and record less than actual water usage with new more accurate IPERL water meters. It is logical to feel that this is a balancing of the revenue as a result of the increased accuracy of the new meters against the annual downward trend of residential revenue due primarily to water efficiency devices and water conservation. Trustee Hodsdon observed that a few of the metered sales revenue categories are reflecting a negative dollar amount for the month of December 2016. Mr. LaCasse explained that due to the historic accounting of KWD, KWD does not bill in December; however, he will investigate the reasons for the negative numbers and report back during his detailed analysis.

C. Other

As authorized by the Board, KWD is beginning the process of commissioning a comprehensive Facilities Master Plan to review the District’s facilities and guide in the development of future capital improvements during the next 10 to 15 years and has applied for a \$15,000 Capacity Development Grant from the Maine Drinking Water Program. The last plan KWD commissioned and completed was in the year 2002.

In addition to the above grant, some projects which are being considered for application for Source-Water Protection grant monies are funding aid for the China Lake Lakesmart program, funding aid for the China Lake Courtesy Boat Inspection program, and funding aid for the purchase of buoys to supplement the present lake buoys surrounding the KWD intake pipe in order to enhance

protection. According to the Drinking Water Program regulations, only one Source-Water Protection Grant is permitted per year for a water utility. If more than one application is submitted by KWD, the Drinking Water Program will make the selection of which one will be accepted. Therefore, because the Lakesmart program is undertaking tasks which will impede the run-off of phosphorus in China Lake and has the most qualifications for grant-fund approval, KWD will be submitting the application for this program only in 2017.

Regarding a different subject, Mr. LaCasse informed the Trustees that the KWD Board minutes dating back to 2016 and going forward are now available to read on the KWD website.

ITEM 4: MOTION ISSUES

A. Other

The Board members were provided with a copy of a letter dated March 14, 2017 from the Maine Drinking Water Program officially notifying KWD that it has been approved for phase two of the Western Avenue Pumping Station Upgrade and asking KWD to confirm interest and commitment in receiving funds from the Drinking Water State Revolving Fund (DWSRF) for the 2017 loan up to \$1,500,000 with 5 percent principal forgiveness (\$75,000) and a minimum interest rate of 1 percent.

Motion by Trustee McCluskey, "to authorize the General Manager to confirm interest to the Maine Drinking Water Program for the 2017 DWSRF loan offer up to \$1,500,000 for the KWD Western Avenue Pumping Station Upgrade – Phase 2 of 2," seconded by Trustee Fuller.

Vote: Motion carried unanimously.

The next motion item brought before the Trustees was in regards to the Case backhoe which was purchased from Beauregard Equipment in March 2016 for \$80,200 net trade-in and which came with a one-year warranty. Because there have been a couple mechanical issues with this backhoe, Mr. LaCasse and Mr. LaPlante felt it was reasonable to purchase an extended warranty for 48 months or 4,271 machine hours at the cost of \$6,230 and is seeking approval from the Board today. This is the premier warranty plan which also includes coverage for hydraulics and electronics.

Mr. LaCasse commented that in addition to the backhoe, KWD has had a few issues with the new dump truck. His opinion was that new equipment these days does not have the same grade of quality as new equipment in past years. Trustee Hodsdon suggested inquiring if KWD could amortize the cost over a four-year period. Trustee Sanzenbacher commented that at times maybe it is not always practical for the Board to accept the low bid for equipment, and asked if there was a reason this particular backhoe was selected. Mr. LaPlante answered that, after researching the different options and the one which would best suit the requirements of KWD, the recommendation from the operations crew was to purchase the Case backhoe. He added that, outside of the few problems, the crew has been very delighted with the operations of this piece of equipment. Another selling point for this backhoe is the diesel exhaust system which is very efficient and has lower emission fumes.

Trustee Earickson asked for a further explanation of the mechanical issues which have occurred. Mr. LaPlante answered that a gasket in the transmission failed, and because this was a complex repair which was labor intensive, the backhoe had to be repaired at the dealership in

Hermon, Maine. Another problem which transpired was a sensor for the travel gear ceased working. The service person traveled to KWD immediately to replace this part.

Motion by Trustee Fuller, “to confirm the purchase of the extended warranty from CNH Industrial Insurance Agency, Inc. for the 2016 Case Loader Backhoe for 48 months or 4,271 machine hours at the cost of \$6,230,” seconded by Trustee Sanzenbacher.

Vote: Motion carried unanimously.

ITEM 5: TRUSTEES

A. Comments, Concerns, Ideas

Trustee Hodsdon mentioned that Trustee Sanzenbacher had a customer ask her to research the reason she was charged an additional fee on her water bill outside of the normal quarterly charges. He asked if this question has been resolved. Mr. LaCasse had the answer at today’s meeting, stating that this customer had a backflow prevention (BFP) device installed at the same time a meter swap was done. Having a BFP device is mandated by both plumbing codes and the KWD Terms and Conditions. KWD only charges the customer its cost for the device which is presently \$86.09, and the equipment is then owned by the customer. In addition to this, Mr. LaCasse stated the bill for this customer in the quarter prior to the backflow installation was also greater than normal due to higher water consumption caused by a running toilet.

B. Follow-Up on Succession Planning Seminar

At the March 2nd meeting, a Succession Planning Seminar was presented by Joanna Bowers from Verrill Dana. One recommendation made at this session was to form a committee of three or more members to create a succession plan. Trustee Hodsdon suggested a Trustee from each of the three corporate community members be assigned to this committee. After some discussion, it was decided that Trustee Dornish from Winslow, Trustee Sanzenbacher from Waterville, and Trustee McCluskey from Fairfield as well as Trustee Hodsdon as Board President and Mr. LaCasse as General Manager will form this committee. Due to the fact that personnel jobs will be discussed at times, there was some conversation if this group needs to meet in executive session. If this is deemed necessary, a meeting quorum of seven Trustees will be necessary in order to vote to enter executive session, possibly holding the committee meetings after the regularly scheduled Board meetings. If the committee meets outside of a regularly scheduled Board meeting day and is not in executive session, it will be necessary to notify the public that Trustees are meeting as KWD does now for any regularly scheduled Board meeting. Trustee Fuller suggested KWD post the Succession Committee meeting dates and time on its website.

C. FOAA and E-Mail Communications

At the previous Board meeting, the question was raised if a Trustee is allowed to contact other individual Trustees via e-mail under the requirements of the Freedom of Access Act (FOAA). As part of their packet, the Trustees were provided with a few documents relating to this subject from the Maine Municipal Association, Maine FOAA website, and a Trustee Boot Camp Seminar. In summary, these articles indicate that informational e-mails are allowed, but e-mails that address substantive business and/or promote a dialogue via e-mail are not allowed. Mr. LaCasse did caution

that, according to the FOAA, e-mails regarding Board business, whether procedural or substantive, are considered a public record and subject to public inspection unless the contents are confidential under law even if the document is received or sent under a personal e-mail account. Trustee Fuller inquired if KWD has had many FOAA requests, and if KWD can charge for the generation of the copies. Mr. LaCasse answered that KWD has had just a handful of requests and charges a fee within the guidelines of the FOAA.

Overall, it was the consensus of the Board that information a Trustee might want to share with other Board members outside meetings utilizing e-mail should be forwarded to Mr. LaCasse. He would then be responsible to distribute the e-mail to the other Trustees either as an addition to the regular Board packet or as an addition to a meeting agenda. Mr. LaCasse said that using this method would keep all communications within the KWD e-mail system, and if a FOAA request was made to collect all e-mails related to a particular issue, the e-mails would be retrievable from KWD computers without the need to access Trustees' personal computers. Trustee Dornish added that in preparing for the Board meetings, it is very useful to have pertinent subject matter and agenda item information beforehand to review.

D. Other

Trustee McCluskey was curious if, as required by the Drinking Water Program, during the Department of Environmental Protection (DEP) permitting process for the WAPS there was any comment from the Maine Historic Preservation Commission. Mr. LaCasse replied that there were no remarks from this commission. He added that the WAPS upgrade was foreseen as a project which will have an insignificant impact on the environment and the Messalonskee Stream and was granted permission to proceed with the project with a "permit by rule" rather than applying for a full Natural Resource Protection Act permit from the DEP which is an extensive and formal process. The DEP did alert interested agencies that this "permit by rule" was granted, and KWD did publish this in the newspaper in order to allow for public comment.

As a point of interest, Mr. LaCasse mentioned that, as required by the Federal Energy Regulatory Commission, KWD does have a programmatic agreement that the M-4 building is to be maintained with its original historic materials and design. For instance, after the roof was repaired, the original Spanish style roof tiles were reapplied.

ITEM 6: ENGINEER'S REPORT

A. Engineer's Report

China Lake Elevation: 170.0
Stream Flow: 78 cfs

The electrical work has begun at the Western Avenue Pumping Station. The area where the new electrical entrance is located has been stripped, and the new electrical enclosures are being built. To do this work, the existing supervisory control and data acquisition (SCADA) system had to be temporary relocated, since its former location would have been in the way. Final discussions on how to control the temporary pumping have been completed so that the subcontractor can re-submit the submittals for that pumping.

I have met with the Town of Winslow, its engineer, and Central Maine Power representatives concerning the re-alignment of Clinton Avenue. KWD will need to make some test holes to verify the location of its main and how much cover over it will remain when the work is done. If all goes well, both the town and KWD will be able to go out to bid around the same time for work in this road way.

I have met with the engineer for the Vassalboro Sewerage District concerning the force main that will be installed from East Vassalboro to Winslow. There are a few locations where the force main may be close to KWD's mains, but we are working together to have them separated according to the rules of water/sewer main locations put forth by the Maine Drinking Water Program.

I have participated in an emergency action plan for the dams along the Messalonskee Stream. As a result of this review, Essex has additional means of contacting KWD staff and knows what method and equipment KWD has on hand to pass water in the event of a localized power failure.

Josh Couture, the Assistant Engineer, is near the end of the data entry for the water main database that categorizes the consequences of failure for each of the mains in KWD's system.

Jefferson Longfellow, P. E.

In reference to the above Clinton Avenue, Winslow, project, Mr. Longfellow reported that although test holes will be the true indicators, this project might not have as severe of an impact on the KWD water main as originally thought. However, it appears the water service boxes in this area will need to be lowered and/or insulated in order to prevent freezing. In addition, it will be necessary to relocate a hydrant, and Mr. Longfellow will be discussing the location options with the fire chief.

Mr. Longfellow informed the Trustees that the asset management rating for the consequence of water main failure is completed, and the next step is to quantify cost for replacement of these mains.

Mr. Longfellow is continuing to work with project leaders who are involved in the Colby Dormitory project in the South Concourse, Waterville. KWD is planning to replace a portion of its water main in this area. He also mentioned that, at this time, the project leaders are preparing to progress this development fairly rapidly.

Motion by Trustee Talbot, "to accept the Engineer's Report as presented," seconded by Trustee Sanzenbacher.

Vote: Motion carried unanimously.

ITEM 7: GENERAL MANAGER'S REPORT

A. L. D. 55 Outcome and Follow-Up Request

Firstly, Trustee Hodsdon expressed his appreciation to all participants which included KWD staff, KWD Trustees, and staff from other water utilities and agencies, who testified against L. D. 55 "An Act to Provide Funding for the Restoration of China Lake" the stated purpose of which was to

charge a fee to customers of the Kennebec Water District to be used to restore the water quality of China Lake.

Mr. LaCasse informed the Board that the legislative committee voted unanimously to “ought not to pass” L. D. 55 and the bill died. The Trustees were provided with a copy of an article entitled “Bill Proposing Water Fee Voted Down” which was recently published in the Morning Sentinel. Mr. LaCasse pointed out one error stated by Rep. Tim Theriault in the article is that KWD has 30,000 customers when in fact it has approximately 8,600.

Rep. Theriault did contact Mr. LaCasse after the bill was defeated and asked him to consider another option. Rep. Theriault suggested putting a section with a check box on the KWD bills to allow for the KWD customers to voluntarily contribute towards the restoration of China Lake. Mr. LaCasse stated that the bill modification would be quite costly to KWD and, in turn, to the ratepayers. Trustee Sanzenbacher also added that there would be extra labor patrolling each KWD bill and administering the funds if any customers did decide to donate. Mr. LaCasse suggested to Rep. Theriault to set up a “GoFundMe” webpage for China Lake projects which would reach out to a much more diverse audience, including China and Vassalboro residents who live on the lake and others who enjoy the lake.

Motion by Trustee Dornish, “to add a section with a check box on the KWD bills to allow for customers to donate money of their own free will to remit to the Town of China for China Lake restoration projects,” seconded by Trustee Fuller.

Vote: 0 in favor, 9 opposed, motion failed unanimously.

Trustee Richards offered a couple comments regarding the matters surrounding L. D. 55. First, he feels it is important for KWD to continue to maintain an amiable relationship with Representative Theriault. Second, he suggested there is a public sentiment in respect to the KWD participation efforts to aid in the remediation of China Lake. For instance, KWD’s reluctance to continue to support the China Region Lakes Alliance (CRLA) with a blanket donation due to its involvement in the Alewife Restoration Initiative project has been translated to some parties that KWD is totally unwilling to participate. Staff responded that, as has been discussed in previous meetings, the actual KWD position is neutral regarding this initiative, and staff has been participating in meetings regarding the fish passage project at the Outlet Dam. KWD has also committed to invest funds in other China Lake projects, such as the Lakesmart Program, the Courtesy Boat Inspection Program, and camp road restoration projects to impede phosphorus run-off, just to name a few. Trustee Richards recommended that KWD utilize a means of communication to form a more positive public opinion regarding its affairs relating to China Lake.

Trustee Sanzenbacher made the point that KWD annually funds projects and provides in-kind services for China Lake, but due to limited news reporting, this information does not always attain public recognition. In addition, if a select group is seeking money for their particular project agenda, there could be some tunnel vision as to the other projects being funded by KWD. Trustee Hodsdon pointed out that some of the outside parties should take the initiative to approach KWD and openly communicate in order to discuss and learn of KWD’s commitment to China Lake.

Mr. LaCasse commented that, in addition to having the KWD Board of Trustees minutes now posted on the KWD website, the Towns of China and Vassalboro have always received hard copies of the meeting minutes; therefore, they should be aware of the KWD contributions monetarily and as

participants in the various organizations. Trustee Fuller suggested posting this information for public awareness in some form. Mr. LaCasse stated that perhaps he could submit periodic articles to The Town Line newspaper on KWD/China Lake issues as that paper seems to focus primarily on local China and Vassalboro issues. The Board agreed with that suggestion.

In similar news, Trustee Fuller asked when the next China Lake Association meeting is scheduled to be held. Mr. LaCasse responded he believes it is the annual meeting and it is scheduled for July. Mr. LaCasse also mentioned that on its 2017 warrant, the Town of China is proposing to donate only \$15,000 to the CRLA in 2017, although the CRLA budget is expecting \$30,000.

B. ARI/Outlet Dam Passage Meeting

Mr. LaCasse and Mr. Longfellow recently attended another meeting regarding the Outlet Stream Dam alewife fish passage project. A computerized conceptual design of fish passage was shared amid much discussion. At the next meeting in May, a 30 percent design model is expected to be complete. After this has been reviewed and approved, the blueprints will be provided to an engineering firm for the final design. Mr. LaCasse stated that, because the Town of Vassalboro owns the dam and access, more involvement from the Town will be necessary going forward. Security, safety, and parking concerns have been discussed during each of the meetings, and the Town needs to be involved in solutions for each of these issues. During the migration period, crowds are likely to assemble for viewing. In addition, there needs to be a formal understanding of the maintenance needs and responsibilities for the fish passage system as those issues may be intensive during the in-migration.

From the design thus far, Mr. LaCasse stated that KWD or whoever will be operating the dam for the Town of Vassalboro, might be required to adjust the gates frequently during the spring and fall migrations in order to optimize flow rate to allow for successful fish passage. Whoever operates the dam outflow will still be required to follow the lake level guideline rules of the Department of Environmental Protection.

C. Electricity Contract Forecast

Mr. LaCasse reviewed the fact that KWD has a three-year contract presently with Constellation Energy for the KWD three largest power users, the Water Treatment Plant, the Western Avenue Pump Station, and the Chase Avenue Pump Station. The present contract is \$0.07426 per kWh for the generation portion and this contract is set to expire in November 2017. Current projections by Maine Power Options are indicating that the amount per kWh will be decreasing approximately 25-30 percent, perhaps as low as \$0.05500 per kWh.

Also relating to energy costs, the forward capacity charge, an additional fee, has typically been a 10 percent additional cost. This fee is predicted to raise approximately 25-30 percent. KWD with help from MainePower Options has been able to avoid this forward capacity charge and has realized significant savings over the past several years. Mr. LaCasse explained that during days deemed high electrical capacity days or peak power days, operations are adjusted, and typically the Water Treatment Plant, Chase Avenue Pump Station, and Western Avenue Pump Station are shut down for the portion of the day when the peak power hour is likely to occur. If KWD is not utilizing power during these peak times, the forward capacity charges are minimized for the subsequent year.

D. Other

None

Motion by Trustee Talbot, “to accept the General Manager’s Report as presented,” seconded by Trustee Earickson.

Vote: Motion carried unanimously.

ITEM 8: EXECUTIVE SESSION, (If Necessary)

None

ITEM 9: PUBLIC PARTICIPATION

None

Motion by Trustee McCluskey, “to adjourn the meeting,” seconded by Trustee Earickson.

Vote: Motion carried unanimously.

Meeting adjourned at 9:00 a.m.

Sue Markatine, Recording Secretary