

**KENNEBEC WATER DISTRICT
REGULAR BOARD OF TRUSTEES MEETING
THURSDAY – SEPTEMBER 7, 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; Bill Boucher, Trustee; Kevin Gorman, Trustee; Frank Richards, Trustee

Trustees absent: Mark McCluskey, Trustee

J. Michael Talbot, Treasurer, left the meeting at 7:35 a.m.

Also present: Jeff LaCasse, General Manager; Jefferson Longfellow, KWD Engineer; Benny LaPlante, KWD Distribution Superintendent; Mike O'Brien, KWD Customer Service/Safety Manager; 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 AUGUST 3, 2017.

Motion by Trustee Talbot, "to accept the minutes of the Regular Board of Trustees' Meeting of August 3, 2017," seconded by Trustee Fuller.

Vote: Motion carried unanimously.

ITEM 3: FINANCIALS

A. ACCOUNT WARRANT

September 7, 2017

CHECKS RELEASED		Check	Dollar
Vendor	Description	Date	Amount
Postmaster	Bulk Mail Postage-Billing	07/31/17	518.23
E S Boulos Company	Repair Lights at South St Garage	08/03/17	146.00
Central Maine Power	Monthly Electricity-Variou Locations	08/03/17	13,782.93
T W Clark LTD	Release of Retainage for Augusta Road Work	08/03/17	4,661.41
S W Cole Engineering Inc.	Labor for Concrete Sampling-WAPS Project	08/03/17	1,671.67
Constellation NewEnergy Inc.	Monthly Electricity-Variou Locations	08/03/17	4,111.92
GWI	Monthly Internet Service	08/03/17	284.60
Harcross Chemicals Inc.	Sodium Hypochlorite-WTP	08/03/17	2,439.42
Hilltop Cleaning Service	Monthly Cleaning Service	08/03/17	564.00
Joseph's Sporting Goods	Employee Clothing	08/03/17	222.24
Kennebec Auto Service	Service-Tks 14 & 22	08/03/17	68.74
Kennebec Equipment-Fairfield	Service Compactor	08/03/17	159.46
Maine Oxy	CO2 Cylinder Exchange	08/03/17	38.36
Treasurer, State of Maine	Water Test	08/03/17	26.00
Motor Supply Company	Synthetic Grease/Brake Cleaner/Car Wash/Trans. Fluid	08/03/17	112.24
Northeast Laboratory	Water Tests	08/03/17	190.00
Quill Corporation	Calculator	08/03/17	164.99
Somerset County Reg. of Deeds	Water Lien Filing-1 Property	08/03/17	22.00
Staples Credit Plan	Binder/Tabs/Clips/Markers	08/03/17	56.15
Walmart Community/GEMB	Bleach/Paper Goods/Beverages/Trash Bags/Batteries		
	Cleaning Supls./Distilled H2O/Office Supls./Coffee Maker	08/03/17	231.45
F. W. Webb Company	Parts for Hypochlorite Piping Upgrade-Leak Repair-WTP	08/03/17	664.63
Winslow Supply Inc.	Hose Washers/PVC Conduit	08/03/17	25.40
Atwork Franchise Inc.	Flaggers-32.25 Hours	08/04/17	588.24
Gerald MacKenzie Inc.	Pavement Patches-Variou Locations	08/04/17	2,200.64
Maine Water Works Supply	Copper Tubing/Service Boxes/Rods/Fittings/Base	08/04/17	832.35
Town of Winslow	Street Opening Permits-Variou Locations	08/04/17	704.05
Postmaster	Bulk Mail Postage-Billing	08/08/17	499.66
Answering Services Unlimited	Monthly Answering Service	08/09/17	80.00
Atwork Franchise Inc.	Flaggers-81.00 Hours	08/09/17	1,477.44
Bluetarp Financial Inc./Aubuchon	Yellow Hydrant Paint	08/09/17	37.99
T Buck Construction Inc.	Western Avenue Pumping Station Capital Upgrade	08/09/17	313,574.71
Earthlink Business 1058	Monthly Telephone Service	08/09/17	365.14
Fastenal Company	Hex Nuts	08/09/17	10.71
Hussey Communications Inc.	Monthly Internet Service	08/09/17	250.00
Joseph's Sporting Goods	Employee Clothing	08/09/17	134.93
M C Disposal Inc./DBA CMD	Monthly Rubbish Removal/Portapotty Rental	08/09/17	163.00
Gerald MacKenzie Inc.	Pavement Patches-Variou Locations	08/09/17	1,285.00
Maine Water Utilities Association	Annual Clambake-9 Employees/1 Trustee	08/09/17	494.00
Treasurer, State of Maine	Monthly Sales Tax	08/09/17	2,958.77
Treasurer, State of Maine	Water Tests	08/09/17	1,375.00
MainePERS	Monthly Employer Retirement Contribution	08/09/17	7,573.89
MainePERS	Monthly Group Life Premiums	08/09/17	693.46
Motor Supply Company	Hood Pistons-Tk 13	08/09/17	46.98
Northeast Laboratory	Water Tests	08/09/17	40.00
Town of Oakland	Annual Real Estate Taxes	08/09/17	331.28

Fanado Pelotte	Backhoe/Wheeler/Tri-Axle/Gravel-Various Locations	08/09/17	2,180.51
E. J. Prescott Inc.	Meters/Meter Gaskets/MXUs/Touch Pads	08/09/17	6,849.90
Quill Corporation	Desk Pad/Calculator Ribbons	08/09/17	85.90
Results Engineering Inc.	Panel Upgrade & Troubleshoot PLC-2nd Rangeway	08/09/17	777.80
Roki Repair Shop	Backhoe Service & Repair	08/09/17	722.10
Staples Credit Plan	Wireless Router/Port Switch/Business Cards/Post-It Notes	08/09/17	137.70
Walmart Community/GEMB	Creamer/Batteries	08/09/17	25.76
Waterville Sewerage District	Quarterly Sewer Bills-Various Locations	08/09/17	137.70
City of Waterville	Street Opening Permits-Various Locations	08/09/17	1,059.05
Wright-Pierce	Monthly Construction Administration & Project Rep.-WAPS	08/09/17	21,878.71
Agway Inc.	Lopper Cutter/Clothesline-WTP	08/17/17	38.78
Wex Bank	Monthly Vehicle Fuel Usage	08/17/17	2,047.71
John's Market Inc.	28 Bags of Ice	08/17/17	55.72
Kennebec Water District	Monthly Petty Cash	08/17/17	59.34
Kodiak Steel Company	Screen for Lagoon	08/17/17	79.59
Maine Central Railroad, Treasurer	Real Estate Taxes-KWD Pipe in Winslow Property	08/17/17	24.00
Maine Municipal Emp. Health Trst.	Monthly Health Insurance Premiums	08/17/17	26,982.59
Treasurer, State of Maine	Water Test	08/17/17	75.00
Preferred Products	Envelopes-2,500	08/17/17	184.60
Results Engineering Inc.	Panel Upgrade-2nd Rangeway	08/17/17	393.10
Sensus	Annual System Support	08/17/17	11,166.18
David Morin	Monthly Lawn Care-Various Locations	08/17/17	1,120.00
D L Thurrott Inc.	Troubleshoot & Fix Air Dryer-WTP	08/17/17	323.50
Time Warner Cable	Monthly Internet/Phone Service	08/17/17	232.38
F. W. Webb Company	Fittings to Repair Chemical Shower-WTP	08/17/17	239.49
Postmaster	Bulk Mail Postage-Billing	08/18/17	311.66
BNY Mellon Corporate Trust	2004 Bond Principal & Interest	08/24/17	38,152.08
Atwork Franchise Inc.	Flaggers-52 Hours	08/24/17	948.48
Business Card-Bank of America	Credit Card Machine Paper-Amazon/Work Aps-Google Inc.	08/24/17	111.46
E S Boulos Company	Install Plugs to Fill Electrical Holes-WTP	08/24/17	78.00
Central Maine Power	Monthly Electricity-Various Locations	08/24/17	13,311.98
EMSL Analytical Inc. - Products	Monthly Cryptosporidium Sampling	08/24/17	390.00
Howard P Fairfield LLC	Body Up Light Switch-Tk 6	08/24/17	41.95
Fastenal Company	Hex Nuts/Safety Glasses	08/24/17	359.88
Kennebec Auto Service	Tire Repair-Tk 8/Inspection-Tk 22	08/24/17	38.97
Gerald MacKenzie Inc.	Pavement Patches-Various Locations	08/24/17	7,157.45
Maine Labor Relations Board	Arbitration-Emp. Health Insurance Enrollment Issue	08/24/17	418.00
Maine Water Works Supply	Service Boxes/Rods/Caps/Couplings/Clamps	08/24/17	1,879.59
Motor Supply Company	Registration Holder for Trailer	08/24/17	12.41
Quill Corporation	Paper/Tape/Post-It Notes	08/24/17	231.71
Roki Repair Shop	Repairs-Tk 13/Inspection-Trailer	08/24/17	2,550.50
Teague Distributors Inc.	Weed Wacker-WTP	08/24/17	360.98
United States Cellular	Monthly Cell Phone Service	08/24/17	96.33
United States Cellular	Monthly Data Service	08/24/17	98.64
USA Blue Book	Liquid Fill Gauges-WTP	08/24/17	230.53
Walmart Community/GEMB	Employee Clothing	08/24/17	18.88
City of Waterville	Street Opening Permit	08/24/17	75.00
Postmaster	Bulk Mail Postage-Billing	08/29/17	751.53
TOTAL WARRANT			\$510,382.20

Motion by Trustee Talbot, “to ratify the total warrant of checks released for \$510,382.20,” seconded by Trustee Earickson.

Trustee Dornish noted the payment to Quill Corporation for a calculator and asked the reason a printing calculator was still necessary. Mr. LaCasse replied that there are numerous accounting applications which are required for auditing purposes to have paper tabulation tapes accompany reports in order to back-up and confirm the totals derived for these various functions and posted to the general ledger on a daily basis. Using a ten-key desk calculator is the fastest means to obtain these totals.

Trustee Earickson observed the payment made to Maine Labor Relations Board for the arbitration. Mr. LaCasse confirmed that this is for arbitration due to a grievance for the situation whereas a KWD employee’s request was denied by the Board for reimbursement to cover costs of prescriptions payments the employee stated were made during the month of March when the employee was not covered by KWD’s insurance plan. The arbitration proceeding is scheduled for October 16th. This payment is for one-half the estimated cost, and the Teamsters are also required to pay one-half the estimated cost. If the hearing expenses are less than the amount submitted, KWD and the Teamsters will be reimbursed for the overage paid.

Vote: Motion carried unanimously.

B. June Financials

As part of their packet, the Board members were provided with a copy of the June financial statements, and a brief review was conducted. The latest rate increase went into effect on April 1, 2017 and a few of the operating revenue categories are now reflecting an increase. 2017 residential sales are above 2016 by \$12,941, and 2017 commercial sales are above 2016 by \$9,551. Overall, year-to-date 2017 net operating revenues are above 2016 by \$33,674.

Under the operating expenses, the 2017 year-to-date materials and supplies category is below 2016 by \$29,701. Although this line item is reflecting a decrease through June, it could increase throughout the remainder of the year depending on the number of planned repairs and maintenance activities and emergency main breaks and the associated material costs for these types of repairs. The 2017 year-to-date miscellaneous expenses category is above 2016 by \$21,844. This is primarily due to the monies KWD has contributed to the China Lake Association this year to be used for the LakeSmart Program.

Overall, the 2017 year-to-date net income is below 2016 by \$200,974. Mr. LaCasse pointed out that one major reason for this dramatic decrease is due to the non-operation of M-4 due to mechanical difficulties and the associated high repair costs. The June 2017 M-4 Income Statement is reflecting a year-to-date net income decrease of \$180,762. Although it is hopeful that M-4 will be up and generating soon, Mr. LaCasse does not expect that it will meet the previous budgetary estimate of \$200,000 income, but could reach up to \$100,000 income. Recently and which will be reflected on a future financial statement, KWD received the first quarter renewable energy credit (REC) revenue check for M-4 for \$21,000. Even though M-4 has been inoperative during the past few months, there have been few opportunities for generation due to low precipitation and resultant low stream flow. In addition, due to the Western Avenue Pumping Station capital project, M-4 is presently de-coupled from the grid and inoperable for an anticipated period of a couple more weeks.

On a side note, Trustee Dornish commented that the word “net” was used as a descriptor for several line items on the financial statements, and he recommended eliminating this word for several of these categories except for the lines of the “net income”, “net operating revenue” and “net non-operating revenue”.

C. Credit Card Charges and Usage Update

At the previous meeting, the Board discussed at length the KWD credit card program and the fees being absorbed by KWD on a monthly basis due to the fact that customers are not charged a transaction fee to use this payment service. Although the KWD website stated that “online payments are limited to a maximum of \$300 per transactions” a third-party expense management service that pays bills for some area businesses paid some significant KWD bills on-line by splitting them into \$300 increments, circumventing the intended capped amount and increasing the KWD monthly bank fees for processing credit card payments. At today’s meeting, Mr. LaCasse informed the Trustees that this third party payment processor was contacted by Debbie Steiner, KWD’s billing associate and on-line payment processor, and after explaining the situation, the company willingly agreed to cease the credit card on-line payment and will, as in the past, send a check to KWD for the accounts it manages. Also, at the previous meeting there was some discussion of accepting ACH payment transactions for wire transfers. Due to the set-up and procedural changes which would have to occur and the few customers which would utilize this type of payment method, Mr. LaCasse does not feel this is viable option at this time but could always be reconsidered in the future.

Trustee Fuller asked if KWD could assess a surcharge. Mr. LaCasse commented that at the time the credit card program was implemented, the Trustees made the decision not to charge a fee to customers. In addition, due to the convenience of having this payment method, there has been a reduction in the collections efforts and associated labor and transportation costs. As had been discussed in previous meetings, Mr. LaCasse cited that a surcharge is an option if the Board wishes to pursue this avenue. KWD would have to present to and receive permission from the Maine Public Utilities Commission (MPUC) to charge a fee, which typically is a set fee and administered through a third party. Trustee Fuller suggested that, in order to consolidate requests, at the time KWD is petitioning for a rate increase from the MPUC, it could also request the addition of a surcharge for customers making payment via a credit card. Trustee Hodsdon remarked that another option could be to only assess a fee to customers paying an invoice of \$300 and above if this practice is accepted and permitted by the MPUC.

D. Proposed Health Plan Changes for 2018

Mr. LaCasse brought to the Board’s attention several benefit changes the Maine Municipal Association (MMA) is implementing for the Health Trust Plans effective January 1, 2018. Basically, the MMA Board of Trustees has determined that there is only a 15.5 percent difference in benefits between the higher cost/benefit plans, which can be up to 40 percent more in premium cost, and the lower cost/benefit plans. Therefore, in order to balance the benefit plans to the premium costs, they have decided to adjust some of the benefits of the lower cost plans.

The changes affecting the PPO 1500 plan, which is the plan KWD employees are presently enrolled, are an increase in prescription copays, from \$4/\$10/\$30/\$50/\$60 to \$8/\$15/\$35/\$60/\$80 and an increase in the annual in-network coinsurance out-of-pocket maximum from \$1,500 single/\$3,000 family to \$2,000 single/\$4,000 family.

Although the 2018 premium costs from the MMA have not been determined as of yet, in an effort to assess if there might be financial advantages to the District and its employees, Mr. LaCasse calculated what the cost difference would be if KWD transferred to a higher end plan (utilizing the current rates). He also considered that, under the current plan, the District pays for 85 percent of the premium coverage with the employee paying 15 percent and the current agreement that KWD funds plan deductibles with an approximate 50 percent payout rate for these deductibles. Based on these conditions, if KWD moved to a higher end plan, the PPO1000, with higher premium costs but with lower deductibles, the additional cost to KWD would be approximately \$22,000 higher annually.

Mr. LaCasse also informed the Trustees that the topic of the KWD health insurance will almost certainly be a discussion point during the upcoming collective bargaining discussions as the union contract expires at the end of 2017. Trustee Sanzenbacher asked if KWD will receive notification of the 2018 health insurance premium rates from the MMA before collective bargaining commences. Mr. LaCasse responded that there has been no date set for the first collective bargaining meeting but he expects it to be soon, and the new rates are not typically provided until the beginning of November.

Trustee Hodsdon asked if, in the past, any Trustee(s) has sat in during the meeting negotiations. Mr. LaCasse explained that typically he and a staff member or two are the KWD management who participate in the bargaining. Throughout negotiations, Mr. LaCasse shares collective bargaining proceedings and issues to the Board for consideration, comment and direction. As the time for negotiations draw closer or after they have commenced, consideration of Trustee involvement in the meetings can be discussed further by the Board.

Mr. LaCasse informed the Board that since the collective bargaining sessions in 1981, the District has utilized the services of Attorney Richard Hornbeck from the law firm of Moncure and Barnicle, and recommends employing him again. Attorney Hornbeck will present procedural guidelines during the first session, and, if necessary, will attend additional meetings.

Motion by Trustee Fuller, “to engage the services of Attorney Richard Hornbeck from the law firm of Moncure and Barnicle to assist in the upcoming collective bargaining between KWD and Teamsters Local No. 340,” seconded by Trustee Sanzenbacher.

Vote: Motion carried unanimously.

E. Other

In other financial news, Mr. LaCasse informed the Board that the annual regulatory Public Advocate Assessment fee has decreased for 2017, from \$2,500 to \$500. However, the Drinking Water Commission AFM (alternate financing mechanism) assessment, which aids in funding positions within the Maine Drinking Water Program, has increased from \$11,000 to \$12,000.

The Board was also advised that KWD received a refund check from the Maine Municipal Association (MMA) for \$4,354. KWD is a member of the MMA pool for workers’ compensation, property and casualty, and unemployment insurances. Because in the previous year, MMA had a lower than expected claim experience for workers’ compensation and property and casualty insurance, dividend checks were processed based on the utilities’ contributions.

ITEM 4: MOTION ISSUES

A. Rate Increase 2018 – Begin Process of Filing for Increase

As part of their packet, the Trustees were provided with a Mid-Year Preliminary Financial Projection Analysis. Included in this spreadsheet are the year-to-date differences between 2016 and 2017; the 2017 budgeted figures, and the 2017 projected year-end figures (using actual numbers through June and comparative extrapolation for the balance of the year). Chiefly due to the cost of repairs and non-generation and low revenue of M-4, the 2017 net income is now projected to be a deficit of \$378,047 rather than a deficit of \$149,519. Mr. LaCasse is recommending a 5-percent or potentially less increase in 2018. Based on \$5 million in annual revenues, a 5-percent increase will produce an additional \$250,000 in revenues if effective January 1st. Although, in consideration of the municipalities' budget and fiscal year, typically from July 1st to June 30th, Mr. LaCasse is proposing to implement the rate increase as of April 1, 2018. In addition, if the KWD financial picture should change in the next few months, the Board can always decide to revoke the rate increase. He also stated that, due to the reduction of debt service in 2020 due to the extinguishing of current bonds, after the 2018 rate increase another should not be necessary for several years.

Motion by Trustee Fuller, “to being the process of implementing an across-the-board increase not to exceed 5-percent to be effective April 1, 2018,” seconded by Trustee Dornish.

Because it has an influence on the bottom line, Trustee Earickson asked if the numbers reflect an inclusion or exclusion of M-4. Mr. LaCasse replied that the 2017 figures include M-4. The determination of the budgetary numbers for 2018 will be influenced based on the Board's decision to sell or not sell M-4. If KWD does sell M-4 and realizes some income, the MPUC may consider this extra-ordinary income. Because expense and income from M-4 is considered to be “non-utility”, this year's losses from M4 will not be factored into rate increase needs.

Vote: Motion carried unanimously.

B. M-4 Value Appraisal

As part of their packet, the Board was provided with a September 2010 Evaluation of Purchase Offer Report compiled by Mr. LaCasse based on a \$750,000 offer at that time from Essex Hydro Associates (EHA) to purchase of M-4. There are a few additional issues which have occurred and should be considered since this report in 2010. Since that time, M-4 has been certified by the Low Impact Hydropower Institute as a low impact hydropower facility which increases its value and associated revenue from selling renewable energy credits (REC). This certification will be transferable to the new owner. Mr. LaCasse also explained that the cost of electricity from the grid has decreased; therefore, the differential cost between produced and utilized power is closer, and the avoided cost of M-4 powering the WAPS is not as valuable. In addition, due to the WAPS capital upgrade and the installation of smaller pumps and better efficiencies, the power cost should decrease dramatically. Another consideration is that it does not appear that the Maine Net Energy Billing program will be amended by the legislature. This would have allowed the eligibility of generators of KWD's size to use its generated power to offset electrical costs at all of its facilities. Another selling point for M-4 is that KWD does have a Federal Energy Regulatory Commission (FERC) license which is effective until the year 2036 and will be transferable to the new owner.

Trustee Hodsdon inquired the price KWD pays for the electrical generation portion of the monthly electricity bill. Mr. LaCasse answered that for the three largest power users, the WTP, the WAPS, and the Chase Avenue Pump Station, the present contract which will expire in November 2017 is \$0.07426 per kWh, and the new three-year contract price is \$0.053 per kWh.

Trustee Earickson asked if the 2010 offer from EHA was unsolicited or solicited by KWD. Mr. LaCasse responded that this was unsolicited. In the past few years, Essex has operated M-4 at no labor cost to KWD. EHA owns three other hydro stations on the Messalonskee Stream and operates all of the dams to optimize the flow times for premium generation revenue.

Mr. LaCasse asked the Board if it would consider hiring Kleinschmidt Associates, who has evaluated M-4 in the past, to conduct an appraisal to help determine a minimum asking price and also provide a list of potential interested purchasers. After some discussion, it was the consensus of the Board that it would be due diligence on KWD's part to obtain an opinion from a professional firm and to request a list of potential buyers. However, the Trustees asked Mr. LaCasse to request a cost proposal from Kleinschmidt Associates for this information before making a final decision.

Trustee Fuller made the request for a consolidated history of the M-4 revenue and expenses. Mr. LaCasse stated he will compile these figures for the Board from the year 2000 to the present and provide them at a future meeting.

C. Other

None

ITEM 5: TRUSTEES

A. Comments, Concerns, Ideas

Trustee Earickson stated he was surprised by the fact that Gilman Street in Waterville was dug down to the bare dirt for paving purposes rather than just a shim job. He asked if KWD had any pipes in this street that should have been considered for replacement before this occurred. Mr. Longfellow replied that the main in this street has no history of problems and is in decent condition.

B. Trustee Elections – Waterville

In reference to the two Waterville Trustee vacancies at the end of 2017 (the terms of Trustees Sanzenbacher and Gorman are expiring), there are two new nominees on the ballot for the upcoming election. Trustee Sanzenbacher stated that she has enjoyed her time on the Board these past several years, but feels it is time to relinquish her seat to a new Trustee. Trustee Gorman wanted to run for re-election, but because he was not affiliated with a party, the process to get onto the ballot was quite complex. Unlike the towns, which typically require 25 signatures to run, in Waterville, if you are not associated with a party, he was told it was necessary to obtain citizen signatures from each of the 7 wards.

C. Succession Committee Review Info and Schedule

At today's meeting, the Trustees were provided with two documents, one for the position opening for the KWD General Manager's job which will be advertised in publications, and one for the position opening for the KWD General Manager's job which will be advertised on the KWD website. The one for the printed publications is short and directs the interested applicants to the one on the KWD website which gives a complete detail of the job description, job functions, and organizational chart. KWD is planning to advertise this job opening, at a cost, on numerous professional organization sites also, including by not limited to American Water Works Association, New England Water Works Association, Maine Water Utilities Association, Maine Rural Water Association, and Maine Municipal Association. This information will be published at the beginning of October. The Succession Committee is planning to review the applications and choose a few qualified candidates who can then be interviewed. The plan is to hire the successful candidate to start employment the beginning of February to allow for an overlap of three months until April at which time the present General Manager will retire. Trustee Richards asked the reason for a three-month overlap period. Mr. LaCasse responded that he will be training the new General Manager for several weeks. As this person is learning and transitioning into the new position, he will also be able to complete several projects to the benefit of KWD. While he is working on these projects, he will also be available to assist and consult with the new General Manager if questions should arise. Trustee Hodsdon commented that even if the new General Manager has experience in the industry, there will be a huge learning curve due to the uniqueness of the KWD operations, policies, and procedures.

D. Vision Statement Update

Included in the Board packet was a copy of the KWD vision statement entitled "Vision of the Kennebec Water District for the Year 2019" which was formulated in 2008. Mr. LaCasse would like the Board to review and update, if necessary, this guideline to reflect the next several years. The Trustees were asked to review this document and bring any comments or proposed changes to this statement to be discussed at the next meeting. Trustee Richards was interested to learn the reasoning for and the purpose of composing a vision statement. Mr. LaCasse answered that many years ago there were several KWD catalyst committees for the different aspects of the company which consisted of management, trustees, and other KWD staff. As a result of these committee meetings, it was decided to compile one document which provides the overall views of KWD, reflecting KWD's purpose, values, and goals. Trustee Richards also inquired if this statement is required by any of the numerous regulatory agencies. Mr. LaCasse responded that it is not a requirement, but it is not atypical for organizations to have such statements.

E. Other

None

ITEM 6: GENERAL MANAGER'S REPORT

A. Collective Bargaining 2017

This agenda item was previously discussed under Item 3. D.

B. Paper Street Vacation Deadline and Potential Impacts

Mr. LaCasse explained that within the District's territory in Waterville there are numerous "paper streets". Mr. LaCasse explained that a paper street can occur if a developer buys properties and develops only a portion of the property. Any undeveloped proposed streets are deemed paper streets. Typically, if a paper street is vacated, abutters on either side of the paper street are awarded property to the center line of the property that comprised the paper street.

In 1997, through state law, streets which were deemed paper streets either had to be vacated or extended for a 20-year period. This extension period is set to expire on September 29, 2017. On that date either all the paper streets have to be vacated or designated for one additional and final 20-year extension. In the City of Waterville, there are several locations in which KWD has water mains in the paper streets. If these streets are vacated by the City of Waterville and the property is granted to the abutters and deemed as private property, this could create issues for KWD. KWD would have to cross private property to access its infrastructure within these former paper street sites. Therefore, Mr. LaCasse contacted staff at the City of Waterville to inquire about their intentions for these streets. The City of Waterville asked for a list of the paper streets which contained KWD water mains and also asked the Waterville Sewerage District (WSD) the streets which contained sewer mains. Mr. Longfellow compiled this list for KWD, and the WSD added its streets to this list, and it was provided to the City Council. At the September 5th City Council meeting, a vote was taken to extend the paper street designation for another 20 years for the locations on the list provided by KWD and SWD.

Mr. LaCasse made the recommendation that KWD should explore obtaining utility easements in order to ensure future access to these properties in the event that they are vacated at some point and become privately owned. Trustee Earickson voiced a concern that an easement might not prevent a person from building a structure on the land. Mr. LaCasse pointed out that there can be some restrictions detailed in the easement. Trustee Hodsdon suggested another option, and possibly a less expensive one, might be to consider the acquisition of these properties, perhaps jointly with the Waterville Sewerage District for the common properties, from the City of Waterville. There was some discussion as to who actually owns the paper street property, the developer or the City of Waterville. It's possible that in some cases, if the developer still exists, he/she owns the property but possibly with the City having some rights.

C. China Lake Properties Forestry Plan

At the August 3rd meeting, the Board had discussed the prospect of a Forest Management Plan for the KWD properties in China and Vassalboro, and the Trustees were in support of this idea. Mr. LaCasse has received a proposal from Comprehensive Land Technologies, Inc. which encompassed a few different project scopes. Mr. LaCasse will review these potential plans, select the one(s) most suitable for KWD, and request pricing. After he has received this information, he will present it to the Board for review.

D. Other

Mr. LaCasse informed the Board that KWD will be changing to a different company for its information technology consultant. This was a mutual decision between KWD and the present consultant. The present consultant is a sole proprietor who is inundated with business and does not have the time necessary to devote to KWD's extensive technology needs.

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

Vote: Motion carried unanimously.

ITEM7: ENGINEER’S REPORTS

A. Engineer’s Report

September 7, 2017

China Lake Elevation: 171.5

Stream Flow: 12 cfs

The past month has been a transformation at the Western Avenue Pumping Station. The suction and discharge headers are now all installed and are being tested so that they can go into service. The office space in the station has been framed and sheathed, the electrical and communications for this space has been installed and is now waiting on insulation so that the interior can be dry walled. The electrical is progressing rapidly with pump controls now roughed in and the cable trays for the pump power now installed.

There have been some setbacks though. There has been an unexpected delay to get Fairpoint to install two poles that will allow the hydro to be connected to the grid. With no poles, there is no termination point for the underground electrical from the dam. Because of this, the excavation crew demobilized to another project. This problem with some pushing on KWD's part may be resolved soon, since the area has been marked for "dig-safe" by Fairpoint with the digging planned for 9/7. Another issue is there seems to be a problem with the motors aligning with the pumps. On two of the three, they do not have enough adjustment to be aligned to specification. We will be meeting with Atlantic Pumps on the fifth to resolve this critical issue. If we can get the pump issue resolved in a timely manner, we will be looking at mid-September for getting the station running and switching over to the new system.

The work on Clinton Avenue, Winslow, is well underway. The entire main has been installed with about half of it tested and ready for services. Service transfers are to begin the first week of September and will take most of the month to complete. This project is not without its own setbacks. Traffic has been an issue with people not wanting to abide by the local traffic only signs, and then having to turn around when the road is blocked. McGee has tried to keep the local traffic option available so that the business on the street can still have their customers visit, but it has been a challenge. The town's contractor is set to begin their work on the first or second week in September. McGee and KWD will be well out of the way with our work by that time period.

The windings to the generator have been repaired, and they now have reasonable resistance with the windings so the unit can run. The bi-annual CMP protective relay testing has been completed as well. The only delay is that the unit is not connected to the grid and currently no water to generate; hopefully, this will be remedied by the end of September.

Jefferson Longfellow, P. E.

In addition to the above, Mr. Longfellow informed the Trustees that the aforementioned pumps for the WAPS project have been re-machined by the factory and are expected to be returned today. If the motors are aligning with the pumps and performing correctly, the system will be converted to the new pumps and the temporary pumping will be dismantled and returned to the rental agency.

In regards to M-4, the pole has not been set yet in order to re-wire the hydro-generator to the grid. One reason for this delay is that in order to erect this pole, Fairpoint Communications has to receive a pole permit issued by the City of Waterville and approved by the City Council. A Dig Safe ticket has been issued for today, so it is believed that this pole project is now progressing. M-4 has been repaired and should be able to generate when it has been re-connected to the grid.

Trustee Dornish asked about the paving schedule for the project on Clinton Avenue in Winslow. Mr. Longfellow answered that the contractor has an October 22nd deadline for the KWD portion, which is from Monument Street to Kidder Street. The town will be responsible for the paving on the "hill" portion of the project.

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

Vote: Motion carried unanimously.

ITEM 8: DEPARTMENT REPORTS

A. Operations and Maintenance Update September 7, 2017

The O+M Department has completed maintenance on the six streets in Waterville that will be paved. Crommett Street, Lawrence Street, Pearl Street, and Squire Street will be paved today. We found out yesterday afternoon at 2:00pm that these streets would be paved this morning at 8:00am. Luckily our work had been completed, but we scrambled to get MacKenzie in to pave in the base layer of our patches. They came in first thing this morning and based in the patches ahead of the pavers, then moved to Hazelwood Avenue to base in the four patches there as that street will be paved tomorrow, then moved to Gilman Street to base in the 11 patches there that our crew completed just ahead of them. Gilman Street will be paved on Friday, weather permitting.

We had three leaks in Fairfield at the beginning of this month; we spoke briefly about two of them at the last Trustee Meeting. One on the 6" main near Dragon Cement on Route 201, one immediately after on the 8" main on Mountain Avenue, and one on the 6" main on Western Avenue.

We have also completed all the necessary maintenance on Upper Main Street, for now! There is one more section that will be milled down 3" from Governor's Restaurant to approximately 300' past the Ridge Road. Once that is complete we can raise the valve boxes and have the patches based in so MDOT can complete their project. Have a great day!

Benjamin LaPlante, Distribution Superintendent

In addition to the above, Mr. LaPlante stated that the KWD O & M Department has been extremely busy due to the paving being conducted throughout the City of Waterville. He added that,

although he understands paving schedules are susceptible to changes, he is slightly frustrated that when these changes or additions are known by the city staff they are not communicated to KWD in a timely manner. Some of these changes have resulted in KWD paying for flaggers needlessly. He will attempt to open communications more with the paving contractors in hopes that changes are relayed to him more swiftly. Mr. LaPlante added that some of these schedule changes also result in last minute calls to KWD to mark out its lines without the mandatory 72 hour advance notice. KWD is not a member of Dig Safe; however, the contractor is still required by the Public Utilities Commission (PUC) to contact KWD, and the information that other non-member utilities should be contacted is also on the Dig Safe website. Trustee Fuller asked if KWD should become a member of Dig Safe. Mr. LaPlante answered that there are a few rationales why KWD does not participate in the Dig Safe membership. One is the cost of membership, approximately \$10,000, as KWD would be basically paying for contact from Dig Safe rather than the contractor, and KWD prefers the direct interaction with the contractor. Another issue would be that the tolerance zone for KWD locates would be reduced by half, from the present 36" to 18". Mr. LaPlante explained lines, such as communication, electrical, and gas, are continuous conduits and typically only buried a couple feet; therefore, enabling an easy and precise locate. Water and sewer lines are typically buried deep in the ground, and, at times, can be difficult to pinpoint from the surface.

B. Water Treatment Plant and Watershed Update September 7, 2017

While secchi disk readings dropped significantly in August, readings are still well above historical averages. Our most recent reading of 3.1 meters is 1.8 times higher than our average for August from 2007-2016 at 1.84 meters. Our phosphorus reading on July 26th (our latest result) is also much better than our 10-year average, 9 parts per billion (ppb) versus 17.4 ppb. All of these numbers are very encouraging, and we're still attributing the improvement to a variety of factors. One of those factors is dry weather in the summer and for the second year in a row, we are facing drought conditions. The only issue this creates for us is that it is impossible for us to maintain our lake level target at the level of the spillway of the dam. We also met with the program director of the LakeSmart Program recently and visited several of the sites the program worked on this summer (they completed 19 total). These projects included installing drip edges around camps, improving buffers with plantings, and installing erosion control mulch. These projects will directly help improve water quality and have already improved the awareness of property owners around the lake.

Fairfield Drafting and Construction has started installing anchor points in the pipe gallery for our operators to tie off to during maintenance. Our last update from the roofing company, Hahnel Brothers, was that they were going to start the roof at the plant in mid-September, but a date still has not been set. One project we're currently looking at is upgrading our heating, ventilation, and air condition (HVAC) system. We are looking at replacing outdated controls and worn out mechanical components, improving system efficiency, and integrating the system into our supervisory control and data acquisition (SCADA) system. Otherwise, plant operations have been going very well although low chlorine in the distribution system continues to be an issue. While flushing has helped a more permanent fix will need to be explored.

Matt Zetterman, P. E., Director of Water Quality

In addition to the above, Mr. LaCasse informed the Board that Hahnel Brothers will begin the roofing project at the WTP the week of September 11th.

Trustee Boucher mentioned that Ranger Construction Company was awarded the China Lake Vassalboro boat launch remediation project and plans to begin the project on September 15th. He asked if the lake is presently low and when KWD begins the fall drawdown for the lake. Mr. LaCasse responded that the lake is presently lower than usual due to lack of precipitation. The drawdown does not begin until the beginning of October, and it takes approximately a month to fully achieve the target goal and that is also dependent on precipitation levels.

Trustee Fuller asked for commentary on the aforementioned chlorine issue. Mr. LaCasse explained that, although still within guidelines, the chlorine residuals tend to dissipate at the far end of the distribution system. Although hydrant flushing helps, a better solution is being sought and will be incorporated in the updated master plan which is being compiled by Wright-Pierce Engineers.

C. Customer Service and Safety Update September 7, 2017

Meter

- Service news of note:

A 1-1/2" meter is scheduled to be installed at 150 Main Street in Waterville, site of the new Colby housing project, to provide temporary water for the construction project.

A 1" meter was installed in the new home of Pete's Pig at 35 Water Street in Waterville, the former Sunrise Cafe.

It was reported that the "CMP" building, adjacent to the Hathaway building on Water Street, was to be metered for a proposed project. The meter installation appointment was cancelled.

The fire service at the new dialysis building project at 205 Ridge Road was turned on.

Several services (circa 1948) and meters in homes on Military Avenue, Fairfield were installed in small crawl spaces. By today's safety regulations, one would deem these crawl spaces to be permit-required confined spaces. Further, KWD's Terms & Conditions state that meters are to be kept 'warm, dry, and accessible.' Understanding that plumbing work can be expensive, we're working with a customer, whose non-reading meter needs to be changed, who has been advised that the meter needs to be brought up out of the space for the safety of our employees.

The meter reading handheld data collectors are beginning to show their age. It appears that we may have an option to move away from handhelds in favor of software that will turn our tablets (android) into meter communication devices. Our vendor is working to provide more information regarding options including budgeting numbers.

Safety

KWD received a check from Maine Municipal Association's Ed MacDonald Safety Enhancement Grant program for \$1,334.67 for eleven road construction warning signs purchased this summer. KWD was awarded the safety grant (2 to 1 match) in May.

On August 23, staff met with Mary Matthews, Maine Department of Labor Safety Engineer, for a final inspection of the Safety & Health Award for Public Employees (SHAPE) process. She stated that she is recommending us for the award and that the General Manager will be contacted by SafetyWorks! managers. Attaining SHAPE status excludes KWD from enforcement inspections for a period of two years at which time SafetyWorks! consultants will scrutinize the District again to ensure we're worthy of continuing in the program.

Mike O'Brien, Customer Service Manager

Regarding the aforementioned Military Avenue concern, Mr. O'Brien informed the Board that KWD has reached a satisfactory solution for the meter relocation with one of the customers on this avenue. Although not the ultimate solution but with consideration of the expense to the customer to relocate plumbing, the meter will be placed at the top of the crawl space, allowing KWD staff to reach down without entering the confined space to conduct meter maintenance if necessary. Mr. O'Brien did caution that there are other meters located in crawl spaces in homes on Military Avenue which will also be necessary to eventually address and evaluate for a solution on a case by case basis. This situation is similar to the meters which had been located underneath mobile homes, which resulted in frozen meters and KWD staff having to remove skirting (and being blamed if it broke) and to crawl under the trailer to swap the meter. For safety reasons, KWD made the requirement that these meters be placed inside the homes for easier access. Likewise, meters which were or are still in pits are also now required to be relocated in order to make for easier access.

Mr. O'Brien also informed the Trustees that KWD will be applying for another grant from the Maine Municipal Association's Ed MacDonald Safety Enhancement program for air monitors.

Motion by Trustee Earickson, "to accept all Departmental Reports as presented," seconded by Trustee Sanzenbacher.

Vote: Motion carried unanimously.

ITEM 9: EXECUTIVE SESSION, (If Necessary)

None

ITEM 10: PUBLIC PARTICIPATION

None

Motion by Trustee Earickson, "to adjourn the meeting," seconded by Trustee Sanzenbacher.

Vote: Motion carried unanimously.

Meeting adjourned at 9:30 a.m.

Sue Markatine, Recording Secretary