

**KENNEBEC WATER DISTRICT
REGULAR BOARD OF TRUSTEES MEETING
THURSDAY – APRIL 20, 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; Frank Richards, Trustee

Trustees absent: Pat Gorman, Trustee; Mark McCluskey, 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

At this time, the Board decided to enter Executive Session.

At 7:32 a.m., motion by Trustee Talbot, “to enter Executive Session under MRSA Title 1, Section 405-6A, Personnel Issue,” seconded by Trustee Earickson.

Vote: Motion carried unanimously.

At 8:06 a.m. President Hodsdon brought the Board out of Executive Session.

Motion by Trustee Richards, “based on new information provided by the General Manager at today’s meeting during Executive Session, to reconsider the motion at the April 6th meeting “to pay the employee the exact amount of \$181.90 to cover costs of prescription payments the employee stated were made during the month of March when the employee was not covered by KWD’s insurance plan,” seconded by Trustee Talbot.

Vote: Motion carried unanimously.

Motion by Trustee Talbot, “based on the additional information provided by the General Manager at today’s meeting during Executive Session, to deny the request made by the employee to reimburse said employee \$181.90 to cover costs of prescription payments the employee stated were made during the month of March when the employee was not covered by KWD’s insurance plan,” seconded by Trustee Earickson.

Vote: Motion carried unanimously.

ITEM 2: REVIEW AND APPROVE THE MINUTES OF THE REGULAR BOARD OF TRUSTEES' MEETING OF APRIL 6, 2017.

Motion by Trustee Sanzenbacher, "to accept the minutes of the Regular Board of Trustees' Meeting of April 6, 2017," seconded by Trustee Dornish.

Vote: Motion carried unanimously.

ITEM 3: FINANCIALS

A. ACCOUNT WARRANT

April 20, 2017

CHECKS RELEASED		Check	Dollar
Vendor	Description	Date	Amount
Treasurer, State of Maine	OSHA Training Completion Cards-2 Emps.	03/31/17	16.00
BNY Mellon Corporate Trust	2004 Bond Principal & Interest	03/31/17	38,152.08
A-Copi Imaging Systems	Quarterly Copier Maintenance Agreement	04/06/17	153.23
Central Maine Power	Monthly Electricity-Taylor Ave	04/06/17	36.12
Constellation NewEnergy Inc.	Monthly Electricity-Variou Locations	04/06/17	3,493.99
Creative Print Services	Quarterly Billing Stock Paper	04/06/17	730.75
Fastenal Company	Stainless Steel Hex Screws	04/06/17	241.38
GWI	Monthly Internet Service	04/06/17	284.60
Business Management Daily	Manager's Legal Bulletin-25 Issues	04/06/17	98.49
Home Depot Credit Services	Metal Cabinet for Safety Equipment	04/06/17	149.00
Hussey Communications Inc.	Monthly Internet Service	04/06/17	250.00
Kennebec Auto Service	Battery for Truck 20	04/06/17	112.99
Kennebec Equipment - Fairfield	Manual Lift for Backwash Valve-WTP	04/06/17	180.00
Kennebec Water District	Monthly Petty Cash	04/06/17	48.40
Maine Municipal Association	Workers Compensation Premium	04/06/17	6,063.60
Maine Water Works Supply	50 Bags Calcium Chloride	04/06/17	810.00
Treasurer, State of Maine	Monthly Sales Tax	04/06/17	2,875.62
MainePERS	Monthly Employer Retirement Contribution	04/06/17	9,516.39
MainePERS	Monthly Group Life Premiums	04/06/17	697.33
E. J. Prescott Inc.	Meter Gasket Rubbers/Pack Joints	04/06/17	514.80
Spiller's	Magnetic Locator/Battery	04/06/17	647.92
Univar USA Inc.	Sodium Hydroxide-WTP	04/06/17	3,529.47
US Bank Corporate Trust Boston	2009 Bond Interest	04/06/17	54,310.23
Town of Vassalboro	Quarterly Real Estate Taxes	04/06/17	7,921.70
Verrill Dana LLP	Professional Services-Succession Correspondence	04/06/17	107.50
Walmart Community/GEMB	Beverages/Paper Goods	04/06/17	14.68
Kennebec County Reg. of Deeds	Lien Discharges-3 Properties	04/06/17	66.00
Postmaster	Bulk Mail Postage-Billing	04/06/17	495.13
Somerset County Reg. of Deeds	Lien Discharges-2 Properties	04/06/17	44.00
JESCO Inc.	Ditch Witch Potholing Vacuum Unit	04/12/17	77,000.00
E. S. Boulos Company	Electrical Work for New Backwash Valve-WTP	04/12/17	561.00
N. H. Bragg & Sons	Switch Box for Drill Press	04/12/17	21.14
Dennis K. Burke Inc.	Heating Oil-WTP	04/12/17	3,589.49
Complete Hydraulics Inc.	Hydraulic Hose Fittings	04/12/17	125.12
Earthlink Business	Monthly Telephone Service	04/12/17	348.29
EMSL Analytical Inc. - Products	Cryptosporidium Sampling	04/12/17	390.00

Eurofins Eaton Analytical Inc.	Chlorate Sampling	04/12/17	75.00
Fabian Oil Inc.	Propane	04/12/17	220.44
Fastenal Company	Wrench/Tape/Screws/Nuts	04/12/17	350.66
FedEx	Freight Charge for Chlorate Sample	04/12/17	115.60
Goodman Wiper & Paper	Flannel Wiper Rags	04/12/17	443.95
Wex Bank	Monthly Vehicle Fuel Usage	04/12/17	1,340.01
Hammond Lumber Company	Chip Brushes	04/12/17	15.80
A. H. Harris & Sons Inc.	Clear Reinforced Poly	04/12/17	68.00
M C Disposal Inc./DBA CMD	Monthly Trash Removal & Portapotty Rental	04/12/17	163.00
Maine Water Works Supply	Stainless Steel Repair Clamps	04/12/17	199.17
Modern Industries Inc.	Granular Activated Carbon (GAC) Testing for 4 Companies	04/12/17	4,360.00
Quill Corporation	Copy Paper/Pens/Tape/Report Covers	04/12/17	752.80
University of Maine	Maine Sustainability & Water Conference-3 Emps.	04/12/17	135.00
Vassalboro Car Care	Oil Change-Tk 3	04/12/17	29.95
Postmaster	Bulk Mail Postage-Billing	04/13/17	447.11
TOTAL WARRANT			\$222,312.93

Motion by Trustee Talbot, “to ratify the total warrant of checks released for \$222,312.93,” seconded by Trustee Earickson.

Vote: Motion carried unanimously.

B. Management Discussion and Analysis Draft for 2016 Audit

At today’s meeting, the Board members were provided with a copy of the 2016 Management Discussion and Analysis compiled by Mr. LaCasse, which is a review of the major financial and operational issues which faced KWD during 2016 and forecasts for 2017 and beyond. This is a required document per the General Accounting Standards Board (GASB) and will be included in the KWD audited financial package. The Trustees were asked to review this report, and Mr. LaCasse will address any questions at the next meeting.

C. Review of Maine Public Utilities Commission Report

At the previous meeting, the Trustees were provided with a copy of the annual Maine Public Utilities Commission Annual Report prepared by Betty Hastings, KWD’s Finance Manager. As with the Management Discussion and Analysis Report, the Board members were asked to review this report and present any questions at the next meeting at which Betty Hastings will be in attendance.

D. Other

At the April 6th meeting, the Board authorized Mr. LaCasse to accept the low bid for two vehicles (a ¾ ton truck with plow for use at the WTP and a ½ ton truck for the operations and maintenance crew supervisor) which met the KWD specifications and with an amount not to exceed \$67,000. At today’s meeting, Mr. LaCasse informed the Board that KWD accepted the low bid from O’Connor Auto Park for the two vehicles for \$65,071.

ITEM 4: MOTION ISSUES**A. Polyphosphate Bids**

The Board was presented with the chemical bid submittals for the supply of polyphosphate. Mr. LaCasse explained that this chemical is used in relatively small quantities and is typically only purchased every couple of years. Three companies were solicited to bid, and all three responded as follows: Coyne Chemical at \$5.5240 per gallon, Carus Corporation at \$5.0945 per gallon, and Shannon Chemical Corporation at \$5.0700 per gallon. Mr. LaCasse recommended accepting the low bid from Shannon Chemical Corporation.

Motion by Trustee Sanzenbacher, “to accept the low bid from Shannon Chemical Corporation for 2,000 gallons of polyphosphate at \$5.0700 per gallon,” seconded by Trustee Dornish.

Vote: Motion carried unanimously.

B. Work Trailer Bids

As part of their packet, the Trustees were provided with the three bid tabulations for a new trailer which was an item included in the 2017 capital budget. The bids were as follows: Big Tex Trailers for \$5,899.00; Hale Trailer for \$7,910.00; and Kaufman Trailer for \$5,493.18 which includes a \$700 delivery fee. Mr. LaPlante recommended accepting the low bid from Kaufman Trailer as this is a sturdily built trailer and will need no re-fabrication to meet the KWD specs. It is a 23-foot deck over trailer and is capable of carrying the shoring box with ease. The other two trailer types submitted for bid consideration would need some re-fabrication to meet the KWD specs which would be at an additional cost.

Motion by Trustee Talbot, “to authorize the purchase of a new trailer from Kaufman Trailer for \$5,493.18 (which includes a delivery fee of \$700.00),” seconded by Trustee Earickson.

Trustee Talbot noted that he made the motion for Kaufman Trailer, which is located in North Carolina, due to the fact that no re-fabrication at an additional cost is necessary. Otherwise, more consideration would have been given to the local company which placed a bid only slightly higher than Kaufman Trailer.

Vote: Motion carried unanimously.

C. PLC Project at Shores Road Tank Site

As part of their packet, the Trustees were provided with a cost proposal from Results Engineering to upgrade the 2nd Rangeway tank programmable logic controller (PLC) which is linked to the supervisory control and data acquisition system (SCADA). This item was included in the 2017 capital budget. One major reason for this upgrade is in its present state, there is more of a potential of an arc flash (an electrical explosion which could cause harm to equipment and humans). This upgrade will provide a safer environment when conducting work at this site. Furthermore, this will provide additional computer signaling which will aid in the monitoring of the circumstances occurring at this location.

Trustee Fuller asked if necessary and for security purposes, can this system be operated in manual mode. Mr. LaCasse explained that this operation for KWD is for monitoring the tank status only rather than for control purposes. There are controls at this site; however, they are owned and operated by Maine Water Company, which provides and sells KWD water to a portion of customers in the Town of Oakland.

Motion by Trustee Talbot, “ to accept the proposal from Results Engineering for the KWD 2nd Rangeway PLC Enclosure Upgrade for \$7,403.00,” seconded by Trustee Fuller.

Trustee Talbot asked if there was a reason prices for this project were not solicited through the bid process. Mr. LaCasse explained that Results Engineering has been KWD’s contractor for various projects of these types and has extensive knowledge of the systems and schematics of the KWD system. If bids were solicited, more time would have to be devoted to bringing a different contractor up to speed and would likely be more costly. In addition and in answer to Trustee Earickson’s question, Mr. LaCasse considers this quote a reasonable cost for the materials, installation, and engineering services. Trustee Hodsdon reminded the Board that Results Engineering is performing the same type of IT service for KWD that Jim Veilleux did in past years before his passing.

Vote: Motion carried unanimously.

D. M-4 Wicket Gate Repair Proposals

First, Mr. Longfellow reviewed the information which was provided to the Board regarding M-4 at the April 6th meeting. In addition to the one broken turbine wicket, the contractor had evaluated and determined that all the other turbine wicket links were in a weakened condition and will ultimately fail. (Pictures of the wicket gate links were circulated.) In addition, during this inspection it was discovered that one of the control gates holding back the water from entering the turbine room (which is dewatered when maintenance work is required) had missing bolts and rivets causing the gate to be structurally unstable. Until this is fixed, the contractor is unable to conduct any turbine wicket link repairs.

Mr. Longfellow received cost proposals from T. Buck Construction, Inc. for the above-stated repairs and presented them to the Trustees at today’s meeting for discussion. The first proposal is for the necessary work to repair the structure’s gate door, which is a temporary repair, and the one broken turbine wicket at a cost of \$35,513.15. The second proposal is to replace the total of 27 wicket gates at a cost of \$81,517.75. Mr. Longfellow stated that there are a total of 28 wicket gates with one which does not need replacing. The third option would be to make no repairs at all; however, this would result in M-4 being inoperable and unable to generate any revenue.

Trustee Sanzenbacher asked if these repairs will increase the monetary value of M-4 if KWD does decide to sell the hydro station sometime in the future. Mr. LaCasse commented that this would be a reasonable assumption; however, without knowing the present value a bidder would place on M-4, he is unsure of this presumption. He did mention that M-4 has been recertified as a low impact hydropower facility which should make it more valuable to a purchaser as this increases revenue by allowing the sale of renewable energy credits (REC) above and beyond the generation income. As had been mentioned at the previous meeting, there is the conditional clause for the recertification which requires KWD to conduct water quality monitoring in the Messalonskee Stream, both

upstream and downstream, throughout the summer. This sampling will be conducted by KWD staff, and the sampling procedure will be based as directed by the Environmental Protection Agency staff.

Trustee Talbot recalled that for one of the past major repairs for M-4, KWD secured a bank loan, and asked if this is being considered for this project. Mr. LaCasse stated that a bank loan was not necessary and the project would be paid for from available funds. He did state that this will certainly reduce the amount of non-utility income for 2017 due to both the downtime because of the failure and the cost of repairs. Trustee Earickson noted that bids were not solicited for these repairs. Mr. Longfellow explained that this is specialized work and T. Buck Construction, Inc. is already on site for the Western Avenue Pumping Station capital project and could begin work almost immediately. It is expected that bids obtained from other contractors would be in the same price vicinity, and the bid process would delay the repairs which results in a delay of M-4 generating and continued loss of revenue.

Trustee Fuller had some concern that even after this repair is conducted, there could be or are other maintenance items which need addressing and questioned if KWD should consider an overall overview of project scope, possibly soliciting a report from an engineering firm. He also suggested soliciting the opinion of Essex Hydro staff, which operates and brokers the excess generation of M-4, and which owns other hydro dams on the stream. Mr. Longfellow commented that there are a few projects, including structural work, which could be conducted and monies invested. However, at this time, this is the most critical project in order for M-4 to become operable again. Mr. LaCasse stated that in addition to an engineering report obtained in 1995 when KWD was considering and did purchase the hydro station, KWD did solicit an engineering report from Kleinschmidt Inc. a few years ago for an overall evaluation of M-4. He will forward the recent report to Trustee Fuller for review.

Trustee Hodsdon asked for a recommendation by Mr. Longfellow. Mr. Longfellow answered that he feels the best solution is to replace all wicket links at this time. The majorities are close to failing, and it would be much more costly to replace them each time as it would involve mobilizing the contractor (if available and if the gate door remained stable) and hiring divers to dewater the turbine area for each occurrence.

Motion by Trustee Talbot, “to accept the proposals from T. Buck Construction, Inc. to conduct the maintenance work and replacement project at M-4 for \$35,513.15 (proposal 2C) and \$81,517.75 (proposal 2D),” seconded by Trustee Fuller.

Vote: Motion carried unanimously.

Trustee Earickson inquired when the work would commence. Mr. Longfellow responded he expects the work to begin Monday, April 24th and to hopefully be completed in less than a month.

E. Upcoming Fuel Bid

As in previous years, Mr. LaCasse will be reviewing the Maine Power Options (MPO) fuel oil program offers for the majority of the KWD fuel usage, 10,000 to 12,000 gallons of fuel oil at the WTP. The WTP has a 6,000 gallon tank and receives shipments in 2,000 gallon increments. MPO monitors the market and when it deems prices are at a low, it will solicit suppliers statewide in order to achieve optimal pricing for its customers. With any fuel bid process, after the bid opening date or when a price is proposed, the vendor usually requires an almost immediate commitment. Because the

bid timing is currently unknown, Mr. LaCasse is seeking the Trustees approval to accept the low offer for fuel oil when the bid prices are proposed.

Motion by Trustee Earickson, “to authorize the General Manager to review the Maine Power Options fuel oil program pricing and to accept the lowest bid for fuel oil for the WTP 2017-2018 heating season,” seconded by Trustee Boucher.

Trustee Talbot asked if the bid prices offered through MPO are comparable to offers and pricing by other fuel oil companies. Mr. LaCasse replied that because MPO seeks bids for a large quantity of customers including numerous municipalities and from a large pool of distributors, the bid prices are typically some of the lowest in the state offered for heating oil. The current 2016-2017 price is \$1.74 per gallon. Mr. LaCasse will report back to the Board the accepted price per gallon after the bid process has been completed.

Vote: Motion carried unanimously.

F. Other

None

ITEM 5: TRUSTEES

A. Comments, Concerns, Ideas

None

B. Other

None

ITEM 6: ENGINEER’S REPORT

A. Engineer’s Report

China Lake Elevation: 172.00

Stream Flow: 155 cfs

The Western Avenue Pumping Station upgrade is finally underway. We have an inspector from Wright-Pierce on site, and he is getting up to speed. The piping materials have been delivered, and the layout for the work is underway. KWD’s crews have done a successful test run to make sure the station can be shut down. The generator has been delivered and set onto the pad.

The Clinton Avenue project is under a brief delay because the Town of Winslow wants to set the power poles onto private property but has yet to get any easement to do so. Despite the delay, the design is underway, so KWD can start going ahead with replacing its pre-1903 main.

The problems with M-4 continue. As said at the last meeting, bolts that hold the gates together for people to access the turbine area have rotted away. Knowing this, it is not safe to enter and work. T. Buck has provided a cost proposal to make temporary repairs and get the unit running, but the cost is significant enough that we need Trustee approval.

Jefferson Longfellow, P. E.

Mr. Longfellow reviewed the fact that the generator and piping materials have been delivered for the Western Avenue Pumping Station project. Unfortunately, when he inspected the valves he discovered that they do not meet the KWD specifications. Mr. Longfellow explained it is the right size valve but with the wrong opening direction. The project work schedule has been adjusted while the contractor attempts to find a solution to this situation which will most likely involve modifying the present valves. The option being explored is to have the factory technician make the adaption to the valves, either at the contractor's business location or at the factory in New York, to ensure that they will continue to be factory certified and the warranty will remain intact. Trustee Fuller inquired the reason that new replacement valves which meet the specs are not being requested. Mr. Longfellow answered that it is due to the fact that there is a 60 to 90 day lead time to obtain the six large valves which would delay the project even more. Trustee Dornish asked if the alteration would compromise the functionality of the valves. Mr. Longfellow responded that after the modifications have been completed, the valves will be tested to ensure proper sealing and operation.

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. GAC Replacement Project Progress

The granular activated carbon replacement project at the WTP is progressing smoothly. Mr. LaCasse will have pictures of this work to circulate at the May 4th meeting.

B. KWD Inclusion in Vassalboro Town Report

In order to increase public awareness regarding KWD's commitment to China Lake and to the communities it provides water service to in general, the Board had suggested a submittal to the annual Town Reports (which has been done in past years at the request of the Town of Fairfield) and periodic publications in the local Town Line newspaper.

At today's meeting, the Trustees were provided with a copy of a one-page summarization compiled by Mr. LaCasse of the history and present KWD usage of China Lake; the past KWD capital project of upgrading the Intake Facility and present KWD capital project of upgrading the WAPS; KWD China Lake watershed projects and water quality monitoring programs; explanation of KWD's neutral position regarding the Alewives Restoration Initiative (ARI) project and participation of KWD staff in the Outlet Stream Dam ARI fish passage project; and acknowledgement of past and present Vassalboro Trustees. This report is intended to be included in the Vassalboro 2017 Town

Report. Because the other communities, including China, have already printed and distributed their annual reports, the option is not available to submit this information for inclusion this year.

C. Vassalboro Boat Landing Site, Town Request for Information

Mr. LaCasse informed the Trustees that he received an e-mail from Mary Sabins, Vassalboro Town Manager, requesting history of the circumstances dating back to 1995 when KWD made a contribution of \$5,000 for paving costs at and to build an outhouse near the Vassalboro Boat Landing on China Lake. She was investigating to learn if at that time KWD had also agreed to maintain the outhouse. Mr. LaCasse informed her that after conducting some research, he could not find a maintenance commitment offered by KWD. Mary Sabins did mention she was going to check if Mr. Michael Roy (past Vassalboro Town Manager at the time of this event and present Waterville City Manager) recalled any of the circumstances relating to this matter. Trustee Hodsdon asked if the outhouse is in disrepair and needs some maintenance work. Mr. LaCasse replied he is unsure, but he will keep the Trustees updated if more information comes from this inquiry.

D. Other

Mr. LaCasse informed the Trustees that Al Althenn, a long-time resident of China who had an interest in China Lake and any events pertaining to the lake, passed away on April 2, 2017.

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

Vote: Motion carried unanimously.

ITEM 8: EXECUTIVE SESSION, (MRSA Title 1, Section 405-6A, Personnel Related Issue)

Executive Session was held previously in the meeting, see Agenda Item 1.

ITEM 9: PUBLIC PARTICIPATION

None

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

Vote: Motion carried unanimously.

Meeting adjourned at 9:02 a.m.

Sue Markatine, Recording Secretary