

**KENNEBEC WATER DISTRICT
REGULAR BOARD OF TRUSTEES MEETING
THURSDAY – JUNE 2, 2016 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; Patricia Gorman, Trustee; Mark McCluskey, Trustee

Trustees absent: Gary Coull, Trustee

Trustee Talbot left the meeting at 8:40 a.m.

Also present: Jeff LaCasse, General Manager; Jefferson Longfellow, KWD Engineer; Matt Zetterman, KWD Director of Water Quality; Sue Markatine, Recording Secretary

Betty Hastings, KWD Finance Manager, joined the meeting at 8:15 a.m. and left the meeting at 8:57 a.m.

Matt Zetterman left the meeting at 8:40 a.m.

ITEM 1: INTRODUCTION OF GUESTS

None

ITEM 2: REVIEW AND APPROVE THE MINUTES OF THE REGULAR BOARD OF TRUSTEES' MEETING OF MAY 19, 2016.

Motion by Trustee Dornish, "to accept the minutes of the Regular Board of Trustees' Meeting of May 19, 2016," seconded by Trustee Sanzenbacher.

Vote: Motion carried unanimously.

ITEM 3: FINANCIALS

A. ACCOUNT WARRANT

June 2, 2016

CHECKS RELEASED		Check	Dollar
Vendor	Description	Date	Amount
Postmaster	Bulk Mail Postage-Billing	05/19/16	310.07
Bangor Savings Bank	Bank Check for the Purchase of 6 South Street Property	05/19/16	74,019.27
Kennebec County Reg. of Deeds	Lien Filing & Discharge Charges-4 Properties	05/19/16	88.00
Somerset County Reg. of Deeds	Lien Filing & Discharge Charges-2 Properties	05/19/16	44.00
Agway Inc.	10 Hay Bales	05/20/16	69.90
Answering Services Unlimited	Monthly Answering Service	05/20/16	83.51
Atwork Franchise Inc.	Flaggers-53 Hours	05/20/16	805.60
Business Card-Bank of America	Excavation Training Lodging 3 Emps-LaQuinta Inn MA		
	Google Aps.-Google	05/20/16	714.56
Home Depot Credit Service	"Employee Only" Signs/Thread Tape	05/20/16	4.32
J & S Oil Company Inc.	Diesel Fuel	05/20/16	276.32
Kennebec Auto Service	Inspection & Repair-Tk 9	05/20/16	34.36
Kennebec Equipment-Fairfield	Gas Can/Pressure Washer Fittings/Pressure Washer Tips	05/20/16	96.76
Maine Municipal Emp. Health Trst.	Monthly Health Insurance	05/20/16	24,439.05
Maine Water Works Supply	Packing Gland/Gate Box Bottoms, Tops, & Covers	05/20/16	960.46
Treasurer, State of Maine	Highway Opening Applications-2	05/20/16	50.00
Pike Industries	Erosion Stone	05/20/16	20.16
Rodgers Aero-Tech	Heat-Ventilation-Air Conditioning Filters	05/20/16	65.75
Staples Credit Plan	Ink/Vinyl Numbers for Vehicle ID	05/20/16	73.92
Super Shoe Stores Inc.	Employees Clothing & Boots	05/20/16	764.87
D. L. Thurrott Air Products	Chemical Pump Tubing-WTP	05/20/16	463.26
Time Warner Cable	Monthly Internet/Phone Service	05/20/16	232.54
Vassalboro Car Care	Service, Repairs, Tires-Tk 17 and Tk 3	05/20/16	795.17
Walmart Community/GEMB	Trash Bags/Tissue/Cups	05/20/16	78.34
Ware-Butler Inc.	Keys/Lumber/Screws/Hinges	05/20/16	270.39
Wright-Pierce	W. Ave. Pump St. Proj./Fall Protection Design Services	05/20/16	29,613.26
Postmaster	Bulk Mail Postage-Billing	05/25/16	360.70
Atwork Franchise Inc.	Flaggers-69 Hours	05/26/16	1,048.80
E S Boulous Company	Wire New Control Filter Valve/Repair Existing Valves-WTP	05/26/16	420.00
Central Maine Power	Relocate Intake Service	05/26/16	122.00
T W Clark LTD	Mulch Hay for Lawn Repairs	05/26/16	100.00
HD Supply Waterworks LTD	Nitrile Gloves	05/26/16	61.00
Hilltop Cleaning Service	Monthly Cleaning Service	05/26/16	564.00
Horton, McFarland, & Veysey	Consulting Services for GASB 68	05/26/16	725.00
John's Market	28 Bags of Ice	05/26/16	55.72
Gerald MacKenzie Inc.	Pavement Patches-Variou Locations	05/26/16	4,381.85
Maine Fire Equipment Comp. Inc.	Annual Fire Extinguisher Inspections-Variou Locations	05/26/16	1,405.66
Maine Water Works Supply	Copper Tubing/Service Boxes/SS Rods/Brass Cotter Pins	05/26/16	1,033.56
Workplace Health	5 Employee Audiograms & 1 Hepatitis B Shot	05/26/16	279.00
Matheson Tri-Gas Inc.	Cut Blades for Grinders	05/26/16	271.06
Motor Supply Company	Wrench/Screwdriver Set/Diesel Fluid/Fittings/Hose/		
	Gates Hydraulic/Turtle Wax	05/26/16	99.49
Quill Corporation	Office Supplies	05/26/16	102.52
Spiller's	Construction Grade Blue Marking Paint	05/26/16	367.50
Staples Credit Plan	Carpet Chair Runner/Binder	05/26/16	89.58
Tractor Supply Credit Plan	Straps/Spotlights/Pliers	05/26/16	115.52

United States Cellular	Monthly Data Hot Spots Service	05/26/16	97.80
Verizon Wireless	Monthly Data Service	05/26/16	131.00
Ware-Butler Inc.	Tool Bucket Bag/Chisel Cold Tools/Punch Pins	05/26/16	46.74
Wesco Receivables Corp.	Amp Fuses-WTP	05/26/16	77.56
Winslow Supply Inc.	Toilet Tank Level Brass	05/26/16	4.88
TOTAL WARRANT			\$146,334.78

Motion by Trustee Talbot, “to ratify the total warrant of checks released for \$146,334.78”, seconded by Trustee Earickson.

Trustee Dornish noted the payment made to United States Cellular and asked for a further explanation of hot spot service. Mr. Longfellow responded that hot spot service is a means to have instant computer data access for mobile units such as for the tablets and the locating equipment for the geographic information system.

Vote: Motion carried unanimously.

B. Year-End Financial Statements 2015

As part of their packet, the Trustees were provided with the finalized copy of the December financial statements which had been reviewed during prior meetings. Also discussed at length at previous meetings was the fact that due to new accounting standards MainePERS disbursed funds to any entities which had a surplus, and KWD received a refund of over \$1.4 million. Previously, MainePERS would transfer the monies from the surplus account to fund the KWD monthly employer contribution. Although KWD has been planning to utilize the funds in the same means as MainePERS, because KWD did not have these assets documented on its balance sheet prior to the transfer, these monies are required by the KWD auditors to be recorded as “extraordinary income”. As a result of this, the financial reports are skewed and do not represent an accurate financial picture of the KWD financial state. Without the recording of this extraordinary income, the KWD deficit for 2015 would have been \$238,541.

Trustee Dornish noted that the employee pensions and benefits expense for December 2015 was approximately five times higher than December 2014. Mr. LaCasse explained that this relates to the above MainePERS surplus monies returned to KWD at approximately mid-year. KWD is now required to record the MainePERS monthly employer contribution as an expense, and in December an entry was made to account for this expense for the majority of the year. Going forward, this expense will be recorded on a monthly basis. Trustee Dornish also observed that the December 2015 revenues were only \$41,840. Mr. LaCasse reiterated the fact that due to historical accounting practices, although KWD continues to read meters in the month of December, these accounts are not billed until January, essentially receiving two months of revenue during January. The December readings will impact the District’s net position in December as accounts receivable, but the revenue will not show on the income statement until the accounts are actually billed in January.

C. January Financials

Also as part of their packet, the Trustees were provided with a copy of the January financial reports and a brief review was conducted. The 2016 operating revenues are below 2015 by \$17,128. To aid in balancing the decrease in revenues, 2016 operating expenses are below 2015 by \$13,724.

The 2016 salaries and wages expense category is below 2015 by \$23,834. This is chiefly due to having one fewer employee on the payroll during the 2016 time period. In addition, a few long-time KWD employees who were at the high end of the wage scale retired and new employees hired at the starting point of the wage scale.

The 2016 revenue for M-4 is below 2015 by \$4,789. This is primarily due to less generation due to low river water flow. Mr. LaCasse commented that the 2016 river flow has been lagging behind 2015 for the majority of the year resulting in low generation and that will show in upcoming monthly statements. On a positive note, KWD recently received the 2015 fourth quarter renewable energy credit (REC) monies totaling approximately \$23,000. Trustee Earickson inquired if there are any known upcoming repairs and maintenance planned for M-4. Mr. LaCasse replied that there are always maintenance projects, but there is nothing critical at the moment. Mr. Longfellow added that the recent testing of the batteries and necessary replacements will result in a cost of approximately \$12,000. In addition, Central Maine Power will require relay testing and some relay replacements, but this cost is expected to be minimal. Mr. Longfellow stated that one potential project is to have Maine Industrial clean the M-4 windings which were rewound 10 years ago.

D. Maine Public Utilities Commission (MPUC) Annual Report for KWD

The Board members were provided with a copy of the annual MPUC report prepared by Betty Hastings. This report includes a multitude of financial and operational information. The Trustees were asked to review the MPUC report and present any questions at the next meeting.

E. Management Discussion and Analysis (prior to audit review)

As part of their Board packet, the Trustees were provided with a draft copy of the 2015 Management Discussion and Analysis, which is a review of the major financial and operational issues which faced KWD during 2015 and forecasts for 2016 and beyond, compiled by Mr. LaCasse. This is a required document per the General Accounting Standard Board (GASB) and will be included in the KWD audited financial package. RKO will review this documentation and propose and incorporate any changes if necessary. Trustee Dornish commented that this is a well-written informative report.

F. Review of Audit Report Recommendations

This agenda item was discussed at 8:15 a.m. after the arrival of Betty Hastings.

The Board was provided with a schedule of and reviewed the recommendations for improvement from RKO. Mr. LaCasse emphasized that these are suggested changes and can be incorporated in full or in part as deemed appropriate and applicable to KWD and the Trustees. He also mentioned that prior to making these comments, RKO did not discuss these findings with KWD staff. If a conversation had ensued, RKO would have had more knowledge and perhaps would have been satisfied with some of the current KWD practices and procedures.

Trustee McCluskey asked if KWD should receive a second opinion from a different auditing firm regarding some of these findings. After some discussion, it was decided this could become quite costly. Mr. LaCasse commented that none of the other several KWD auditing firms had made these types of recommendations in the past 30 years, so this fact could be considered as confirmation that KWD has been in compliance with standard accounting principles and practices.

The first recommendation is for the District to establish a formal policy and procedures manual with the focus being on the following areas: Net Position Policy; Cash and Investment Policy; Capital Asset Policy; Disaster Recovery Plan; and Computer Maintenance and Security Policy. Mr. LaCasse stated that the majority of these policies and procedures have already been established and been employed for numerous years. However, he will incorporate this information in a more formal format as suggested by RKO. Concerned about the computer security policy, Trustee Earickson asked how frequently email is utilized. Betty replied that email is utilized on a daily basis for all facets of District business and that many banking, state, and federal reports are required to be filed on-line. Trustee Earickson asked and Betty confirmed that employees are aware that any email received which is not from a recognized source or appears suspect should be deleted immediately and any attachments accompanying these emails should not be opened. There had been an incident where inadvertently an email did get opened which appeared to be but was not from a legitimate source. The KWD computer consultant came on site and ensured that there were no viruses detected due to this. Mr. LaCasse also mentioned that when the present financial and accounting server is close to the end of its useful life, KWD is still considering having this software hosted by a server located at Tyler Technology's Falmouth location. Although a little more costly, the advantages of this would be MUNIS would be responsible for backing up the system and installing the regular update downloads. Presently, KWD does have a disaster recovery plan, including backing up the system and removing the back-up hard drives to a secure location off site on a daily basis.

The second recommendation is to create and maintain a detailed depreciation schedule for each individual asset. Mr. LaCasse pointed out that no prior auditing firm has made this request. Presently, KWD follows the MPUC guidelines and requirements of categorizing assets with similar characteristics and useful lives and depreciating them as a group. The MPUC also decrees that the utility rate structure includes funding for depreciation, and the intent is to dedicate these funds to the replacing or upgrading of depreciable assets. Mr. LaCasse stated KWD has thousands of assets and the suggested RKO method of individualizing each asset would create many hours of extra work to create and maintain these records with little informational return. Betty commented that she does keep invoice copies of all assets purchased. Subsequently, during the compiling of the information for the MPUC report each sub account is examined to ensure the depreciation schedule is accurate. In regards to overall asset management, KWD WTP is currently implementing the CUPSS software tool to complete an asset management plan for the WTP and some other KWD infrastructure components.

The third recommendation is to have a formal approval process to ensure general ledger journal data entry is accurate. Both Betty and Mr. LaCasse pointed out that part of any Finance Manager's duties is to post journal entries and to ensure the accuracy of these postings. The implementation of another step does not appear to be necessary at this time. Betty had provided RKO a copy of the Finance Manager's accounting manual that should have been sufficient in satisfying RKO that there are proper procedures and policies in place for this and all accounting entities.

The next RKO comment discussed was that KWD does not utilize a consistent billing schedule, which KWD staff feels is not an accurate statement. KWD is consistently reading meters and billing according to a set billing schedule with the different municipalities reading and invoicing staggered throughout the year on a rotation basis. On an annual basis, there would only be a slight variation to account for days that are holidays and weekends which change from year to year. Subsequently, a quarterly bill (unless a final bill or prorated bill for a new customer) is always a set

90 days. This billing schedule has worked extremely well for the past 30 years plus, and the Board agreed upon continuing to utilize this schedule.

The last RKO recommendation discussed at today's meeting was the segregation of duties. Mr. LaCasse explained that there are numerous procedures and multiple security processes performed on a daily basis, including approval authorizations, for the processing of the accounts payable, the accounts receivable, and payroll. Betty briefly explained one example in which the duties are segregated. For the customer receipts (cash, checks, or credit card info) process, the journal and receipts of the associate who posts the receipts is given to a different associate for a double check. In addition, the daily journals and receipts are all combined by one associate and this is double checked by a different associate before enclosing it in a secure bank bag for depositing. Betty does not conduct any of these transactions and is only given the journal reports (no cash, checks or credit card info) after this process is completed. On occasion, Betty will receive a miscellaneous income check (scrap metal, etc.) and will give this check with the proper general ledger account number in which to apply it to an associate to include with the bank deposit. For both the accounts payable and payroll, all checks are consecutively numbered by the computer software during the process. Another factor to consider is that the warrant is presented to the Board at each meeting, a listing of the accounts payable checks accompanied by a copy of the physical check disbursed. Overall, the Board was satisfied with the segregation of duties for these procedures.

The second RKO comment under the segregation of duties section was due to the fact that the KWD Finance Manager virtually controls all account entries and also reconciles the bank statements, a policy should be implemented to have a different person, other than the Finance Manager, with check signing authorization. Due to the above stated processes and the fact that the majority of the accounting approval and financial review is conducted by both Betty and Mr. LaCasse, there is reasonably low risk of financial fraud. Mr. LaCasse stated presently both he and Betty have check signing authority, with him typically signing the payroll checks and Betty signing the accounts payable checks. If one is out for vacation, etc. the signing of both falls upon the other. Betty stated that there are many other aspects (transfer of funds, CD interest amounts, etc.) of the financial accounting which will be required to be performed if her check signing authorization is removed. Because KWD has a limited amount of staff, there was some discussion as to who would be assigned to perform the check signing and other duties if this function was removed from the Finance Manager. Trustee Sanzenbacher suggested making inquiries to other utilities of similar size to KWD to learn how they manage this segregation of duty. Trustee Fuller proposed asking RKO for a suggestion as to the method KWD should follow to segregate this duty and who should have check signing authority. Mr. LaCasse will follow up on both of these ideas and report back at the next meeting.

On behalf of the Board, President Hodsdon thanked Betty for attending and participating in today's meeting.

G. Regulatory Assessments 2016

Mr. LaCasse reviewed the fact that KWD receives three regulatory assessments annually. These assessments are: 1) Public Utilities Commission Assessment; 2) Public Advocate Assessment; and 3) Drinking Water Commission AFM (alternate financing mechanism). The Trustees were provided with a spreadsheet of the historical cost for these three assessments. For 2016, the Public Utilities Commission Assessment has decreased 17.2 percent, from \$20,666 to \$17,109. The Public Advocate Assessment has increased 9.6 percent, from \$2,313 to \$2,536. The Drinking Water

Commission AFM has increased 11.1 percent, from \$9,680 to \$10,755. Because the Public Advocate's office works in close proximity with the PUC, Mr. LaCasse was unsure of the reason the PUC assessment decreased and the Public Advocate's assessment increased. Mr. LaCasse further explained that the Drinking Water Program Commission AFM helps fund positions within the Maine Drinking Water Program (MDWP); hence, ensuring that the MDWP maintains primacy for the regulatory compliance of Maine utilities. All regulated water utilities and drinking water suppliers, including campgrounds and schools, are charged this fee, and it is proportionately allocated based on customer base.

H. Other

Mr. LaCasse explained that KWD is a member of the Maine Municipal Association pool for workers' compensation, property and casualty, and unemployment insurances. Because MMA had a lower than expected claim experience for workers' compensation, dividend checks were processed based on the utilities' contributions with KWD receiving \$2,300.

Relating to workers' compensation insurance, Mr. LaCasse explained that the experience modification rating is calculated on a three-year period. In 2012, there was a major accident for a KWD employee which related to a higher workers' compensation premium cost for KWD. Since there have been no major accidents or injuries since that incident, the KWD workers' compensation cost should decrease in the next insurance cycle.

Another item relating to insurances is the fact that KWD has been participating in the Maine Department of Labor Safety and Health Award for Public Employers (SHAPE) certification program. SHAPE recognizes public employers who maintain an exemplary safety and health management system. When and if KWD becomes eligible for the SHAPE designation, there is the expectation that KWD's insurance costs will decrease. Mr. LaCasse explained that part of the process for SHAPE certification included supplying Occupational Safety and Health Administration (OSHA) logs for the past five years. Unfortunately based on the SHAPE requirements, due primarily to the major accident in 2012, KWD was not eligible for this certification in 2015. However, KWD should qualify in 2016.

ITEM 4: MOTION ISSUES

A. Other

None

ITEM 5: TRUSTEES

A. Comments, Concerns, Ideas

Trustee Hodsdon stated that in the past couple of years, KWD employees have shifted positions, some to Managerial, within the organization, and there have been numerous new hires. He inquired if there is an employee performance review process in place. Mr. LaCasse stated there is a six month probationary period and reviews are taken into consideration. In addition, Mr. LaCasse interacts with most of his Managerial Team on almost a daily basis, including a weekly managers'

meeting to review current and upcoming projects and issues. Overall, he is very satisfied with the performance of the employees who have accepted new positions and responsibilities and the employees who have been recently hired.

B. May 26 ARI Public Meeting Review

Trustee Fuller attended the Maine Rivers public meeting on May 26th, where the ARI plans were explained and residents' concerns were addressed. Maine Rivers has a leadership role in the Alewife Restoration Initiative (ARI) coalition. Trustee Fuller provided the Board members with a comprehensive written account of this meeting. One of the main contentions from some Vassalboro residents is that removal of the dams will reduce the Outlet Stream to a trickle creating unpleasant surroundings and causing harm to the ecology system. Trustee Fuller also commented that many of the details of providing of fish passage or dam removal do not appear to be complete. There was mention at this meeting that the Outlet Stream flow needs to be at least 50 cubic feet per second (cfs) to allow fish passage. Due to China Lake level conditions and the Department of Environmental Protection (EPA) Lake-Level Order, this amount of flow could prove to be complicated on a consistent basis. Mr. LaCasse provided the Trustees with EPA lake-level correspondence which contained the history of the China Lake level and minimum flow requirements dating back to 1984. He pointed out that the dam is to be managed to provide a minimum flow of 10 cfs to the Outlet Stream; however, there is a clause which accounts for a particular circumstance whereas the minimum flow could be reduced to 2.3 cfs.

The Trustees thanked Trustee Fuller for attending this meeting and reporting back to the Board.

C. Other

None

ITEM 6: DEPARTMENT OPERATIONAL REPORTS

A. Water Treatment Plant Update June 2, 2016

On May 17th we had our first on-site laboratory assessment in six years. The assessment was performed by the two members of the State of Maine's Laboratory Certification Program. They spent the day reviewing our methods, policies, and procedures in the lab. We haven't received the official report from the assessment yet but they did leave us with a list of items that they'd like to see us add or change with our program in the meantime. Some of these items include additional calculations for quality assurance, changes to our chain of custody and reporting forms, and updates to our standard operating procedures. They explained to us that the process of receiving the report, responding to their report, and implementing all of the changes is typically a three month process but that it may go longer than that because it had been so long since our last assessment.

We have notified our consultant from Maine Environmental Solutions that we received the \$10,000 Source Water Protection Grant for performing the gravel roads study around China Lake. We expect to sit down with him soon to work out the details of the project. The intake building rehabilitation project is almost complete. There are three custom doors that we are still waiting for to

arrive but once they show up and are installed the project will be complete. Sheridan Construction has been great to deal with thus far and has exceeded our expectations with the project.

Water quality on the lake continues to be fair for this time of year. At this point we are expecting to deal with this issue through the entire summer. It hasn't had an impact on plant operations yet but it's likely that we'll start to see higher turbidity levels coming into the plant soon and that we'll have to adjust our process accordingly.

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

Trustee Fuller asked Mr. Zetterman to comment on the current water quality condition of China Lake. Mr. Zetterman advised the Trustees that, disappointedly, the present condition is already at the point of the poorest condition registered in 2015. It is believed that the lack of snow and ice covering has caused this circumstance not only for China Lake but for lakes throughout Maine. Trustee Hodsdon inquired if KWD has conducted total suspended solids testing recently. Mr. Zetterman responded this test has not been performed recently but can be conducted at the KWD WTP lab. Trustee Fuller made the observation that the dry weather accompanied by the high winds stirring up dust and soil could be a contributing factor to the water turbidity. Mr. Zetterman agreed with this assessment, stating that even the WTP lagoons are having water-quality issues.

B. Operations & Maintenance Update June 2, 2016

May has been a busy month! We are hustling to keep up with paving projects throughout the system, gearing up for next week for spring flushing of the mains, and normal maintenance and utility locates for Dig Safe and GIS updates. We have hired two summer employees, Adam Littlefield and Chase Nelson, who are helping repair lawns disturbed during maintenance and preparing hydrants for a fresh coat of paint. I am typing this on my tablet on Messalonskee Avenue @ Highland Avenue in Waterville while the crew is repairing a leak on a leadite joint on our 16" main. This took a lot of coordination with the Waterville Senior High School, which is without water to most of the building during this shutdown. We have coordinated with Jared Bragdon, the Treatment Plant Duty Operator this week, who changed the plant operation schedule to have the tanks filled and shutdown the Western Ave Pump Station this morning for us. This 16" main we are working on is essentially a direct feed to the Reservoir Tanks so leaving the pump running with these valves off could negatively impact other parts of the system. That is all for now, I hope to see you all in another meeting once things slow down a little.

Benjamin LaPlante, Distribution Superintendent

Mr. LaCasse commented on the leak in Messalonskee Avenue. Because to fix this leak the high school would be without water, KWD monitored this leak for over a week waiting until there was a weekday with no students or teachers on site before the repair was conducted. A picture of the 16-inch pipe at the point of the break was circulated. Mr. LaCasse stated that yesterday KWD received a call regarding water running in the same approximate area. The KWD O & M Crew is investigating this incident today.

C. Customer Service and Safety Updates June 2, 2016

Meter

Service news of note:

Domestic and fire services have been activated at the new Wunderlich building at 2 Millenium Drive in Winslow. A 1-1/2" meter was installed. The facility will be used to manufacture electrical panels.

The main service vehicle, a 2008 Ford E-150 van, is over 100,000 miles now and will be replaced this summer.

The current version of the Meter Data Management (MDM) system, the human interface software of the meter reading system, will reach the end of its support life this year. Discussions will begin with EJ Prescott/Sensus concerning the upgrade path for the MDM for the next budget year.

Safety

Grant applications were submitted to MMA's Safety Enhancement Grant Program: one for fall protection personal protective equipment (PPE) and one for electrical PPE, flame-resistant (FR) coveralls, FR hoods, arc-rated face shields/hardhats, and a set of insulated tools. Both grants were approved with the exception of the insulated tools.

Because we have the same needs, efforts have been made to coordinate safety training with the Waterville Sewerage and the Kennebec Sanitary Treatment Districts. Staff from O&M and Engineering attended Rigger Level I and Signalperson training on May 25 along with staff from WSD and KSTD. The \$1,500 class was paid for by a grant from the Maine Municipal Association.

Fixed ladders such as those on Cook Hill Tank and Shores Road Tank are required to be inspected annually by a competent person. Discussion has begun with Somatex, Inc. of Pittsfield, our crane/hoist inspectors, to possibly include fixed ladder inspections during the annual crane/hoist inspection. Somatex is experienced with inspecting fixed ladders which is part of the crane/hoist inspection protocol when fixed ladders are present on a crane/hoist.

Mike O'Brien, Customer Service Manager

ITEM 7: ENGINEER'S REPORT

A. Engineer's Report

China Lake Elevation: 171.8
Stream Flow: 19cfs

Because of the upcoming hydrant flushing combined with a number of newer employees, Josh, KWD's Assistant Engineer, has been reworking the hydrant flushing listings so that the hydrants being flushed radiate out from the Western Avenue Pumping Station instead of a semi-

random list which the crews have been using for the past few years. When not working on this task, time has been focused on continued mapping of the Vassalboro services and other areas which are being located for other projects.

Staff has had a progress meeting with Wright-Pierce to get all of the details addressed for the pumping station rehabilitation. After that meeting, I have met with the folks that work on the metering, since they will be displaced during the project. KWD was also presented a proposed timeline with the bulk of the critical work set for spring/summer 2017.

A contract signing date has been set for the main projects. It will be a matter of scheduling to begin starting the projects in earnest.

At M-4, the battery testing is complete. It appears that only a few of the cells will need to be replaced versus the entire bank, but I am waiting on a final report before we proceed further. Also, the eel passages have been re-installed to allow for the eel passage which should be starting soon. The previous ramps were damaged during high flows, so the latest versions that were installed in May are simple wood construction, so they will not be as expensive to replace each year.

Jefferson Longfellow, P.E.

Mr. Longfellow stated that the first main replacement will be on Union Street as this is a priority due to the fact that the City of Waterville is planning to reclaim and repave this street.

Unfortunately, Mr. Longfellow reported the City of Waterville failed to recall that KWD was replacing the main in Nelson Street this year and has already placed a shim on the surface. It was explained that a shim is a layer of pavement in order to level out the surface before the final paving is conducted. KWD will be required to excavate through this shim when it installs the new main.

Motion by Trustee Talbot, "to accept all Department Managers' Reports as presented," seconded by Trustee Earickson.

Vote: Motion carried unanimously.

ITEM 8: GENERAL MANAGER'S REPORT

A. Project Updates

The Board members were provided with a copy of the Wright-Pierce Western Avenue Pump Station Project upgrade draft plans and construction phasing schedule for their review. A few of the Trustees requested and will be provided with copies of the draft design plans at or before the next meeting.

In regards to the KWD Intake Building project, the Trustees were informed that Sheridan Construction is waiting for the arrival of the metal doors. After these doors are installed, the project will be completed. Mr. LaCasse mentioned that KWD has been extremely satisfied with the work conducted by Sheridan Construction.

B. Lead Testing in Schools Update

Mr. LaCasse informed the Trustees that there has been a good response from the area superintendents and principals to his letter regarding lead testing in the elementary schools. Mr. Zetterman is setting up schedules for various schools to conduct this testing. Trustee Earickson inquired if Mr. LaCasse has contacted the press regarding this subject. Mr. LaCasse responded that he has contacted Amy Calder at the Morning Sentinel, but, to date, no follow up information has been requested from her office.

C. Low Impact Hydropower Recertification Completion

Mr. LaCasse is in the process of completing the recertification application for M4 as a low impact hydropower facility to be submitted to the Low Impact Hydropower Institute (LIHI). Because M-4 is currently certified as low impact, KWD is able to increase revenue by selling renewable energy credits through brokerage by Essex Hydro. Essex Hydro completed the first application for this in 2011, and Mr. LaCasse plans on contracting with them to assist in completion of the present application. Trustee Earickson asked the approximate cost for this recertification. Mr. LaCasse replied there is an initial flat fee of \$2,000 from the LIHI, but any additional fee will depend on the complexity of the application and agency review process. He expects there will be a charge from Essex Hydro for assisting with the application process, although Essex also benefits by receiving a percentage of KWD REC sales. In addition, because there is a new set of criteria standards from the LIHI, there may be project modifications required for recertification.

D. Other

Mr. LaCasse explained that the Consumer Confidence Report, CCR, is a required annual customer notification which communicates important information about the KWD water quality, the water testing and reporting programs, and the results of these programs. In addition, it conveys water source information, water system data, and highlights of the past year. The 2015 KWD CCR is now available to view on the Kennebec Water District's website. Subsequently, KWD will inform its customers through a notice on their bills that the CCR is available on its website.

In other news, Mr. LaCasse commented on the recent article in the Morning Sentinel regarding plans for an alum treatment in Cochnewagon Lake in Monmouth, Maine. He mentioned that although it is a small lake, he was surprised the cost of the treatment is expected to only be approximately \$300,000, as the cost quote for China Lake a few years ago was in the two million dollar range. This will be the second alum treatment for this lake. As is the case for all lakes, even with the aid of an alum coating, if the external phosphorus is not controlled, the algae will again eventually re-occur.

Motion by Trustee Earickson, "to accept the General Manager's Report as presented," seconded by Trustee McCluskey.

Vote: Motion carried unanimously.

ITEM 9: EXECUTIVE SESSION

None

ITEM 10: PUBLIC PARTICIPATION

None

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

Vote: Motion carried unanimously.

Meeting adjourned at 9:05 a.m.

Sue Markatine, Recording Secretary