

**KENNEBEC WATER DISTRICT
REGULAR BOARD OF TRUSTEES MEETING
THURSDAY – MAY 17, 2018 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; Bill Boucher, Trustee; Mark McCluskey, Trustee

Trustees absent: Denise Bruesewitz, Trustee; Alex Wild, Trustee; Frank Richards, Trustee

J. Michael Talbot, Treasurer, left the meeting at 8:00 a.m.

Also present: Roger Crouse, General Manager; Jefferson Longfellow, KWD Engineer; Matt Zetterman, KWD Director of Water Quality; Benny LaPlante, KWD Customer Service Manager/Safety Coordinator; Jared Bragdon, KWD Operations Superintendent; Sue Markatine, Recording Secretary

ITEM 1: INTRODUCTION OF GUESTS

None

ITEM 2: REVIEW AND APPROVE THE MINUTES OF THE REGULAR BOARD OF TRUSTEES' MEETING OF MAY 3, 2018.

Motion by Trustee Talbot, "to accept the minutes of the Regular Board of Trustees' Meeting of May 3, 2018," seconded by Trustee Fuller.

Vote: Motion carried unanimously.

ITEM 3: FINANCIALS**A. ACCOUNT WARRANT**

May 17, 2018

CHECKS RELEASED		Check	Dollar
Vendor	Description	Date	Amount
A C Electric Corp	Protective Relay Testing-M-4	5/4/2018	1,000.00
A Partner in Technology	Professional Services and Computer Equipment	5/4/2018	5,961.03
Business Card-Bank of America	Wall Rack-NewEgg Business/NEWWA Convention-Hilton Inn	5/4/2018	394.85
Central Maine Power	Monthly Electricity-Variou Locations	5/4/2018	8,010.11
Fastenal Company	Air Hose Reel/Receptacle Reel/Hydraulic Hose Reel	5/4/2018	2,128.83
GEICO Indemnity Company	Refund Overpayment of Property Damage Claim-Hydrant	5/4/2018	75.00
Goodman Wiper & Paper	Flannel Wiper Rags	5/4/2018	298.95
Grainger	Tape Measure	5/4/2018	18.83
Hilltop Cleaning Service	Monthly Cleaning Service	5/4/2018	752.00
Kennebec Auto Service	Tire Changeover and Valve Stem Replacements	5/4/2018	63.96
Kennebec Water District	Monthly Petty Cash	5/4/2018	115.57
Maine Water Works Supply	Service Box Repair Lids/Couplings/Pipe/Valve Box Bottoms		
	Slip Extensions/Valve Box Covers/Mesh Cloth	5/4/2018	7,156.43
Treasurer, State of Maine	Monthly Sales Tax	5/4/2018	2,457.72
MainePERS	Monthly Employer Contribution	5/4/2018	7,790.21
MainePERS	Monthly Group Life Premiums	5/4/2018	760.45
David Mathieu Company Inc.	Repairs-Tk 5	5/4/2018	2,826.30
W D Matthews Machinery Comp.	Service Electric Pallet Jack	5/4/2018	182.75
Mid-Maine Marine Inc.	Boat Supplies & Parts	5/4/2018	131.77
Motor Supply Company	Belts for A/C Unit-WTP	5/4/2018	15.98
OTT Communications	Monthly Services & Data Installation Feb. 10-May 9	5/4/2018	2,138.15
Quill Corporation	Paper/Add Rolls/Batteries/Card File/Binders/Cart/Organizer	5/4/2018	224.09
Spring Brook Ice & Fuel	Fuel Oil-Variou Locations	5/4/2018	1,153.63
Super Shoe Stores Inc.	Employees Safety Boots	5/4/2018	179.98
Williams Scotsman Inc.	Large Container Monthly Rental	5/4/2018	142.37
Winslow Supply Inc.	Faucet-Business Office Bathroom	5/4/2018	97.84
Postmaster	Bulk Mail Postage-Billing	5/10/2018	637.99
TOTAL WARRANT			\$44,714.79

Motion by Trustee Talbot, “to ratify the total warrant of checks released for \$44,714.79,” seconded by Trustee Earickson.

Noting that A Partner in Technology has been a vendor on the warrant on a consistent basis recently, Trustee Fuller asked for a further explanation of the payment on today’s warrant. Trustee Talbot stated that a portion of this was for the purchase of two laptop computers and docking stations at a cost of \$4,793.86. Mr. Crouse stated that also included in this price is three years of support. The balance of the cost was for services and equipment relating to the recent technological upgrades. Trustee Earickson and additional Trustees stated that the price for the laptops appears to be unusually high. Mr. Crouse was asked to question this cost and report back to the Board at an upcoming meeting.

Referring to the payment made to David Mathieu Company, Inc. Trustee Hodsdon asked for further details regarding the repairs to truck 5. Mr. LaPlante explained that this is the cargo van vehicle used by the Meter Department staff, and the front end was damaged when hit by a deer at the edge of the Carter Memorial Bridge. Mr. Crouse explained that after a small deductible, KWD's insurance through the Maine Municipal Association paid for the damage.

Vote: Motion carried unanimously.

B. Other

The Board members were provided with a copy of the January 2018 financial statements, and a brief review was conducted. The January 2018 revenue is above January 2017 by \$62,371. Although customer water usage was slightly higher, this is mainly due to the April 1, 2017 rate increase. The 2018 January metered sales for industrial customer revenue, of which Huhtamaki Manufacturing Plant (HMP) is the primary customer, is above 2017 by \$5,084, up approximately 35 percent. The HMP consumption is unpredictable and can fluctuate throughout any given year due to several variables. For instance, HMP will use KWD water rather than the river water if the river water is experiencing poor quality or if the river water is at a low level.

The January 2018 operations and maintenance expenses are above January 2017 by \$47,741. Mr. Crouse explained that the chemicals expense is higher for January 2018 due to the fact that KWD buys chemicals in bulk, and purchases were made in January 2018. Typically, this expense category balances out throughout the year. The January 2018 materials and supplies category is higher than January 2017 due to several reasons, for instance the purchases of computer hardware and of materials associated with water main breaks. The January 2018 transportation expense is above January 2017 chiefly due to the cost of repairs for the backhoe and some repairs for the former general manager's vehicle. Because there have been some past mechanical issues with the backhoe, Trustee Hodson asked if there have been any recent problems. Mr. Bragdon answered that there have been no recent mechanical issues, and the backhoe is operating fine.

Although M-4 was not generating in January, KWD received revenues from ISO New England of \$3,601 for M-4 due to the forward capacity market credit. Trustee Fuller inquired if M-4 is generating presently. Mr. Longfellow answered that M-4 is mechanically able to run, but due to the low river level and flow there is no generation. He added that Essex Hydro staff, who operate M-4, has requested a meeting to review a list of repairs for the hydro station.

Referring to the cash-flow statement, Mr. Crouse reported that the January 2018 ending balance in the invested checking account was above the ending balance in December 2017 by approximately \$22,000.

On a different topic, Mr. Crouse updated the Board regarding the WTP roof capital project. At the May 3rd Board meeting, the Trustees had awarded the Water Treatment Plant (WTP) roof replacement capital project to the low bidder, G & E Roofing, contingent upon G & E Roofing providing favorable references. Mr. Crouse informed the Trustees that G & Roofing did furnish these references.

Mr. Crouse also stated that the WTP roof project was included in the 2018 capital budget at an estimated cost of \$110,000, and the approved bid price was \$133,791. Maine State Law requires a contractor provide a payment and performance bond for jobs at or above \$125,000. Because the

original cost of the project was anticipated to be under \$125,000 the condition to provide a payment and performance bond was not included in the bid specifications. KWD has requested this bond from G & E Roofing which will increase the project cost by approximately \$1,300.

ITEM 4: MOTION ISSUES

A. Approval of Agreement with Results Engineering for SCADA/HMI Upgrade

The Trustees were provided with a document from Mr. Crouse seeking approval from the Board for a sole source contract of up to \$22,000 with Results Engineering to provide programming services at the WTP. This memorandum included the specifics of the project, background information of KWD projects completed by Results Engineering, and benefits of a sole source contract.

Mr. Crouse explained that the WTP is operated by a supervisory control and data acquisition (SCADA) system. There is a separate software system which serves as an interface between the operators and SCADA system which is often referred to as the Human-Machine Interface (HMI). The HMI allows for monitoring and control of the treatment process through a PC in the WTP's control room. WTP operators can access the PC remotely after passing through several layers of security. The HMI software is over 10 years old and no longer supported by the software vendor. KWD has been utilizing Results Engineering as a contractor since the year 2014 and has been extremely satisfied with the work performed.

Trustee Hodsdon inquired the estimated length of time to complete this project, and if the cost includes services and troubleshooting after installation. Mr. Zetterman replied the project should be finished in approximately one month and the cost is only for the development of the software system and the assurance that the software is functioning properly. Trustee Earickson highly advised KWD request documentation of the software installation specifics and an instructional guide. Mr. Zetterman will follow up on this recommendation.

Trustee Dornish questioned the reasoning for a sole source contract for this project and the assumption that Results Engineering would have been the least expensive if bids were solicited. Mr. Crouse responded 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. Historically, due to this and the fact that for security purposes it is best to limit the number of contractors who have access to the KWD SCADA system, it has been a past practice of KWD to utilize a sole source for programming instrumentation. Mr. Zetterman reiterated this, adding that the SCADA and HMI systems control the WTP, and it is a fairly common practice for water utilities to utilize a sole vendor for software enhancements and upgrades to limit exposure and the security risk. Subsequently, because this is not standard software, if bids were solicited, more time would have to be devoted to bringing a different contractor up to speed regarding the software, design, and functionality which would likely be more time consuming and costly. Trustee Hodsdon commented that KWD hired Results Engineering as its contractor for these types of sensitive projects and has since built a professional relationship.

Trustee Fuller asked, because this is not standard software, the probabilities of the new software becoming obsolete in a short period of time and be necessary to again replace. Mr. Zetterman clarified that, although this software is not commonly used in the State of Maine, the company is formidable, and the software is utilized nationwide. He added that there are always the

probabilities future upgrades will be necessary, as software is continuously evolving. Trustee Fuller also inquired if the hardware was being upgraded. Mr. Zetterman answered that the hardware was replaced in 2012 and does not need to be updated. He added that in contrast to the software programming, if there is a necessity to replace hardware, typically KWD would utilize the bid process. Trustee Fuller also questioned the KWD security for the SCADA and HMI systems. Mr. Zetterman explained that KWD is presently using a two-factor authentication during the log in process. Although there are security systems in place to safeguard the system, Mr. Zetterman commented that KWD is always seeking to make improvements, and implementing additional measures are being considered.

Motion by Trustee McCluskey, “to approve a sole source contract of up to \$22,000 with Results Engineering to provide software programming services at the WTP,” seconded by Trustee Earickson.

Vote: Motion carried unanimously.

B. Other

None

ITEM 5: TRUSTEES

A. Comments, Concerns, Ideas

None

B. Schedule of Meetings in July and August

Typically, the Board holds only one meeting per month during the summer months. At this time, the Trustees discussed both the schedule of meetings in July and August and the schedule of documents and topics for upcoming meetings provided by Mr. Crouse. The topics and anticipated meeting discussion dates are as follows:

- 1) Draft Procurement Policy, June 7, 2018
- 2) Meeting with Auditors from Runyon Kersteen Ouelette (RKO), June 7, 2018
- 3) Draft Performance Evaluation Tool for General Manager, June 7, 2018
- 4) Evaluation of the Sale of M-4, June 21, 2018
- 5) Evaluation of the Potential Sale of Properties not needed by the KWD, July 19, 2018
- 6) Draft Plan for the Adoption of Generally Accepted Accounting Principles (GAAP), July 19, 2018
- 7) Review of Master Plan, August 2018

Trustee Earickson stated he might not be in attendance for the June 21st meeting, but would like to be a participant in the M-4 sale evaluation discussion. Mr. Crouse explained that, except for the meeting with the auditors as RKO has already been scheduled to be at the June 7th meeting, the dates for the specific topics can be changed and presented at a different meeting.

After some discussion, the Board decided to meet on the regularly scheduled meeting dates of June 7th and June 21st and only once during the subsequent months, on July 19th and with the August meeting date yet to be determined.

Mr. Crouse brought to the Board's attention that in addition to the two KWD properties for sale (Fairfield and Vassalboro), there is a third one to be considered for potentially selling. This land is on the outer Ridge Road in Fairfield. Mr. Crouse explained that this land was purchased in the early 1990s for the potential use of siting an additional water storage tank. The need for the additional tank and added storage, however, did not come to fruition as industrial water demand dropped substantially in the mid-1990s when the HMP reconfigured its manufacturing process to use river water. Mr. Longfellow explained that an abutter to this land contacted him expressing interest in purchasing this parcel. This land will be included in the potential sale of properties discussion scheduled for the July 19th meeting.

Trustee Fuller asked if discussion with RKO at the June 7th meeting regarding the draft plan for the adoption of GAAP accounting standards would be appropriate. Mr. Crouse answered that it would be suitable for general questions and discussion regarding KWD moving to the GAAP practices. However, the specifics of the plan would not be detailed as of that date. Mr. Crouse has a meeting scheduled with the auditors after the June 7th Board meeting to discuss some of the components to formulate a plan.

On behalf of the Board, Trustee Hodson thanked Mr. Crouse for providing the list of topics which will be included in upcoming meetings.

ITEM 6: GENERAL MANAGER'S REPORT

A. Draft Schedule of Documents/Topics for Board Review

This agenda item was discussed previously under Item 5: b. Schedule of Meetings in July and August.

B. Letterhead

The Trustees were provided with two versions of potential letterhead to be used for official KWD correspondence. One included the name of the General Manager, names of the Trustees, and overall KWD contact information with the declaration of KWD being the "First Water District in the United States". The second only included the KWD contact information and declaration. Mr. Crouse explained that KWD does not order preprinted stationery; therefore, when Board members change, the electronic letterhead form is updated. It was the consensus of the Trustees to table this discussion to a time when there is a full Board in attendance.

C. Other

Trustee Fuller asked for an update regarding China Lake. Mr. Zetterman responded that the lake level is two-inches above spillway which is in the area of the target goal. There have been some alewives stocked in the lake, and Mr. Zetterman will follow up regarding the amount when he attends the upcoming China Lake Association meeting. KWD has done one lake study, and the Secchi disk reading indicated excellent clarity and quality of water, which is generally typical for this time of year.

Trustee Earickson asked for information regarding the upcoming water main replacement project. Mr. Longfellow answered that the Hallowell Street main specifications have been provided to Dirigo Engineering which will combined these with the plans from the Town of Winslow for the sewer, storm drain, and road projects. The bids solicitations to the contractors were expected to be mailed sometime this week.

Because the China Lake Vassalboro boat ramp was reconstructed in 2017, Trustee Boucher asked Mr. Zetterman if there were any issues launching the KWD boat. Mr. Zetterman responded that the WTP staff did not mention any problems.

Trustee Earickson asked the location of the plaque commemorating the recently completed Western Avenue Pumping Station major capital project. Mr. Longfellow replied the plaque is inside of the Western Avenue building. Trustee Earickson expressed interest in seeing this plaque after the conclusion of today's meeting.

Trustee McCluskey stated he recently saw a news report regarding the Portland Water District (PWD) and the solar-powered buoy it uses to monitor real-time water quality data on Sebago Lake, its source of supply. The report also indicated that PWD's website has a navigational tab which allows the public to view this data. Trustee Fuller commented that he is in favor of KWD investing in this type of buoy. Mr. Crouse remarked he is aware of this technology and has spoken briefly with Trustee Bruesewitz, who is Assistant Director of Environmental Studies at Colby College, regarding this subject. He added that himself and Mr. Zetterman plan to further discuss this with Trustee Bruesewitz for guidance on moving forward with this potential project, perhaps in 2019. Trustee Hodson suggested the possibility of partnering with Colby College for both information and cost sharing.

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

Vote: Motion carried unanimously.

ITEM 7: PUBLIC PARTICIPATION

None

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

Vote: Motion carried unanimously.

Meeting adjourned at 8:15 a.m.

Sue Markatine, Recording Secretary