

**SOUTHWEST HARBOR WATER & SEWER DISTRICT
MONTHLY MEETING OF THE BOARD OF TRUSTEES**

Approved Minutes

Town Hall Meeting Room
Thursday, January 11, 2018

Item 1 Convene meeting

Meeting was convened at 6:00 pm. In attendance were Board members Jim Geary, Jim Vekasi, Ralph Dunbar, Don Lagrange, and District Manager Steven Kenney. Lee Worcester was out of town.

Item 2 Election of Officers

Don Lagrange moved that this topic be tabled until the next meeting when all Board members could participate. Seconded by Jim Geary. Vote 4/0/0.

Item 3 Visitors to be heard. No visitors were present.

Item 4 Approval of minutes from previous meeting

Jim Geary moved that the draft minutes of the December 5, 2017 meeting and the December 11-12, 2017 meeting be approved as presented. Seconded by Jim Vekasi. Vote 3/0/1 (Lagrange abstention as he was not present for these meetings).

Item 5 Financial

- A) QuickBooks reporting status. There are continuing questions with the way revenue is tracked. Some apparent discrepancies between billed revenue and actual revenue can reportedly be attributed to adjustments made during the collection period. There remains concern about expenditures made from annual income that do not appear on our profit and loss statement. These include bond principal payments, capital expenditures, and grant related project expenditures. The consensus of the Board is that additional accounting assistance is needed. One idea would be to request assistance from the newly hired Town Deputy Treasurer. Don Lagrange will pursue that possibility.

- B) Sewer budget. There are a number of issues:
 - 1. Sewer revenue was below the expected budget, possibly due in part to the increasing popularity of deduct meters that account for water used for irrigation or other uses that do not contribute to sewage flow.

 - 2. Expenses for chemicals, sludge hauling and treatment, and electrical power exceeded budget. Steven has engaged the services of a highly experienced sewage system operator

from Olver Engineering to evaluate chemical dosing, sludge handling, and air blower operations for potential efficiency improvements.

3. Maine DEP has stated that we may not have an adequate number of sewage staff and the proposed Administrative Consent Agreement required a staff review by an independent third party. A subsequent report by Olver Engineering indicated the need for at least one additional person. Further evidence of inadequate staffing is the large number of extra hours Steven has been required to work each week.
4. The District is reimbursing the Town for long term sewage system debts incurred before the District was established.
5. The Dec 31, 2017 balance sheet shows the sum of water and sewer operational checking accounts balances to be \$12,965. This is well below an adequate balance to accommodate cash flow variations and emergency needs.
6. Sewer rates are thought to have been last increased in 2010, although this needs to be verified.
7. Based on the above, we believe it will be necessary to raise sewer rates. We will request Maine Rural Water advice and plan for appropriate public input. The goal is to be to have a rate increase in place by July 1, 2018.
8. To provide adequate funding for 2018, the District will discuss a change in terms for the Town repayment.

Jim Geary moved to instruct Steven to prepare a request to the Town of Southwest Harbor to defer the planned 2018 repayment of \$37,716 until 2019. Seconded by Ralph Dunbar. Vote 4/0/0.

- C) Personnel. Steven briefed the Board on the status of planned changes that will be incorporated into the 2018 budget. These include filling one new position as previously approved and hiring a replacement full time Water Treatment Plant Operator.
- D) Water. 2017 Water income and expenditures were close to budget. Expenses will increase in 2018 due to personnel changes. There is adequate water revenue to fund the planned 2018 budget.
- E) 2018 Budget. The draft 2018 budget was discussed and modified to reflect proposed personnel changes, the proposed rate increase, the proposed payment deferral, and some updated actual figures. The resulting budgets balances for both water and sewer and are attached.

Item 6 Approval of Warrants

Don Lagrange moved to approve Water Warrant #18 and Sewer Warrant #19. Seconded by Jim Geary. Vote 4/0/0.

Item 7 Old Business

- A) District Personnel Policy. A review is in order and will be scheduled for a future meeting.
- B) District Policies related to adopted Town ordinances. A review to ensure fairness, uniform application, and wording is in order and will be scheduled for a future meeting.
- C) District Manager contract review. Steven has requested an increase of benefits in lieu of a 3% COLA increase in salary. The Board is amenable and asked Steven to prepare a proposal for consideration at the next meeting.

Item 8 New Business

None

Item 9 Date of next meeting

Thursday, February 8, 2018 at 6:00 in the Town Office meeting room.

Item 10 Adjourn meeting

Don Lagrange moved to adjourn at 8:08 pm. Seconded by Jim Geary. Vote 4/0/0

Submitted,



Attached: Draft Budgets

Approved February 12, 2018



Jim Vekasi
Clerk