

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

Approved Minutes

Town Hall Meeting Room

Thursday, April 12, 2018

Item 1 Convene meeting

Meeting was convened at 6:00 pm. In attendance were Board members Jim Geary, Ralph Dunbar, and Don Lagrange, and District Manager Steven Kenney. Jim Vekasi participated by conference call as a non-voting member. Lee Worcester was not present.

Item 2 Visitors to be heard. Lydia Goetze was present.

Item 3 Approval of minutes from previous meeting

Ralph Dunbar moved that the draft minutes of the March 7, 2018 meeting be approved as presented. Seconded by Don Lagrange. Vote 3/0/0.

Item 4 Financial

A) Proposed Drinking Water State Revolving Fund (DWSRF) loan for Long Pond Pump Station Upgrade. There was an extended discussion about this project. The Board voted last month to confirm our interest in the project to DWSRF, but to also consider funding the project without DWSRF to eliminate the need for Davis-Bacon wages and other federal government requirements. After consulting with general contractors, Steven reported that they generally are already paying wages similar to Davis-Bacon rates and we would not find significant savings by funding the work ourselves. Therefore, we are still on the DWSRF funding track.

The next steps will be more detailed design and estimates, discussion with Town Select Board about funding of the capital improvements exceeding 20 years, and bonding.

a. Design and estimates.

Ralph Dunbar moved to proceed with design using WSD funds to a level where accurate estimates can be made with the intent of sharing this information with the Select Board. Seconded by Don Lagrange. Vote 3/0/0.

b. Discussion with Select Board. This is the first major project (approx. \$0.5M) to be initiated by the WSD where a significant portion of the work consists of capital improvements anticipated to be funded by the Town. Lydia Goetze expressed concern that the Select Board has not been made aware of the project and the WSD Board concurred that this would happen as soon as a good cost estimate is available. Steven will consult with our attorneys on the proper procedures for the process including Town approvals and bonding. The target for the meeting with the Select Board is May 8 or May 22.

- c. Bonding. Steven suggested that funding for this project be included in the planned bond for water and sewer work related to 2018-19 Town road improvements to save money and time on bond preparation. It is not clear if the timing will work out.
- B) Arrears/shut-off notices related to 2017 Q4 billing were mailed. Ass are being addressed and no shut-offs are anticipated.

C) 2018 Q1 Commitments.

Don Lagrange moved to accept the Sewer commitment of \$136,845.85 for the period January 2018 to March 2018, subject to an interest charged for unpaid balance of 7% per annum beginning May 12th, 2018. Seconded by Jim Geary. Vote 3/0/0.

Don Lagrange moved to accept the Water commitment of \$174,843.73 for the period January 2018 to March 2018, subject to an interest charged for unpaid balance of 11.25% per annum beginning May 12th, 2018. Seconded by Jim Geary. Vote 3/0/0.

D) Financial Reports.

- a. Despite the fact that the 2017 Q4 billing was issued in January, 2018, the income has been moved to the 2017 accounts as it relates to income produced in 2017. The 2018 Q1 – Q4 billings will be shown in 2018. The 2018 Q1 commitments, while not yet on the financial report, should be close to the final amount received and represent 27% and 24% of budgeted water and sewer income. This is good news and encourages confidence in the accuracy of the projected 2018 income.
 - b. There are still about 150 water accounts with metering and billing problems requiring estimated or minimum billing. Steven and staff are continuing to upgrade meters and plan to use actual metered amounts as soon as they are available, but not bill costumers for past use that may have been under-billed because of faulty equipment.
 - c. Jim Geary expressed frustration that the financial reports do not give a clean reading of the first quarter as the income and expenses are as of April 10 rather than March 31. It was explained that due to a reporting limitation in QuickBooks, a report for the first quarter alone would also show the budget for the first quarter alone rather than the full year. One idea would be to budget the entire annual income and expense projections in January. That would have the effect of making all budget reports dated February 1 and later compare amounts to date with the annual budget rather than budgets to date.
- E) Abatement requests. WSD has received a written abatement request from Tom Cat Variety, 16 Clark Point Rd. account #60430, requesting relief from sewer payments while his building is not in use. The request is based on Ordinance section 16.3 “ready to serve” charges. As these charges have not been assessed consistently, abatement is requested. Because one Board member recused himself due to his relationships with the requester leaving an insufficient number of voting members to establish a quorum, the item was tabled until the next meeting.

- F) Sewer rate increase. The abatement request highlighted the need to clarify “ready to serve” charges. The Board concurred that to enforce the sewer ordinance, a consistent fee for un-connected buildings adjoining a public sewer is needed.

Jim Geary moved to establish a set fee of \$30 per quarter for buildings not connected to the sewer system in accordance with sections 3.1 and 16.3.a of the Southwest Harbor Sewer Ordinance. Seconded by Ralph Dunbar. Vote 3/0/0.

This will be in addition to the previous decision to increase sewer use rates by 10%.

Item 5 Approval of Warrants

Don Lagrange moved to approve Water Warrant #24 and March payroll reports. Seconded by Jim Geary. Vote 3/0/0.

Item 6 Old Business

- A) Administrative Consent Agreement update. Steven has instructed Mary Costigan to draft a letter to the State (probably to the DEP Commissioner rather than the Governor or our Legislation), but that has not yet happened. There continues to be conflicting messages from DEP inspector Gary Brooks, supervisor Clarissa Trasko, and DEP Attorney Pamela Parker.

- B) HRA Policy. Per the Manager’s report below, employee withholding was inadequate due to confusion over different withholding schedules between the Town and District... At this point, the problem has been identified and the provider has been paid the appropriate amount, but decisions are needed about the withdrawal shortfall and whether the District should modify plans to match the Town. The Board felt there was no obligation to mirror the Town’s policy on deductions, but felt it proper to forgive the shortfall where the confusion was not the fault of the employees.

Don Lagrange moved to forgive employee under withdrawal amounts. Seconded by Ralph Dunbar. Vote 3/0/0.

- C) Employee Updates.
- a. Snap Willey has retired. There will be a ceremony soon naming the water treatment plant after him.
 - b. Steven has started recruitment for a water treatment plant operator. One good prospect was lost to another employer and recruitments efforts continue.
 - c. Horton, McFarland & Veysey, LLC (HMV) has been retained to assist the District in establishing our accounting systems. Starting April 23, we will be working with Nick Henry who has extensive knowledge of and experience with utility districts. Once our systems are better established, we plan to use local CPA Louise Soucy to assist with continuing accounting.
 - d. Steven will be off next week resting his continued shoulder injury problems.
 - e. Steven’s employment contract. Schedule discussion for next meeting.

- D) Wastewater debt payment to Town. As stated in the minutes of the March 7, 2018 meeting:

Estimated sewer income is very close to estimated costs leaving no flexibility and the potential for continued deficits. It is apparent that an increase in sewer rates will be needed and a 2018 deficit may be inevitable. The Board will request that the Town of Southwest Harbor defer the \$37,176 2018 annual payment related to past sewer budget deficits to allow for a limited contingency and equipment replacement budget. This request is included in our 2018 budget.

Don Lagrange requested that Steven consult with Auditor Jim Wadman and ask his opinion about the effect of a deferral of the loan payment on Town and District financial situations.

Steven will prepare a memo to the Town making this request with the intent of discussing it at the April 24, 2018 Select Board meeting.

E) Bank account signatories. To clarify the motion from the March 7, 2018 meeting:

Jim Geary moved that authorized bank account signatories for all District bank accounts be District Manager and Treasurer. Seconded by Ralph Dunbar. Vote 3/0/0.

Item 7 New Business

- A) DWS Water Plant inspection. DWS conducted a routine sanitary survey. They noted a few minor issues which have been addressed, but found No Significant Deficiencies. The problems with the intake pump station have been documented in previous inspections.
- B) Personnel Policy. Schedule detailed review for future meeting. Distribute information before meeting.
- C) Water and Sewer Ordinances. Schedule detailed review for future meeting starting with sewer. Distribute information before meeting.

Item 8 Date of next meeting

Thursday, May 10, 2018 at 6:00 in the Town Office meeting room.

Item 9 Adjourn meeting

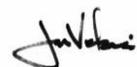
Don Lagrange moved to adjourn at 8:15 pm. Seconded by Ralph Dunbar. Vote 5/0/0

Submitted,



Attached:
District Manager's Report

Approved May 10, 2018



Jim Vekasi
Clerk

SOUTHWEST HARBOR WATER & SEWER DISTRICT
District Managers Report
April Monthly Meeting 2018

GRANTS UPDATES,

Grants #1, USDA Raw Water Pump Station Upgrades; We should formally notify USDA we are no longer interested in this Loan.

Grant #2, Actuator Valve Replacement; The State SRF program administrator stopped by to review the project and initiate closer where we are 95% complete. The project has taken a few more months than anticipated but still within the State's timeframe.

Grant #3, PER; The engineers report for a new Wastewater Plant / Wastewater Plant upgrades completed in March and is under review of the USDA. Once the review is complete we can submit for reimbursement of \$12,500.00

Grant #4, Capacity Development / Hydraulic Modeling; This report was completed in March and I have submitted the documents for reimbursement of \$15,000.00.

Grant #5, Emergency Response Plan; An initial meeting to start the Tabletop Emergency Response scenario was held on March 29. Actual Tabletop Emergency Design and implementation will be done in July 2018.

Grant #6, Asset Management; I met with a representative of RCAP on March 22 to review the work to date. The water assets are complete and sewer assets are 90% complete. Hope is to have the CUPS, (asset management program), up and running by September.

Grant #7b & 8, (Fall Protection and Light Upgrades), should be taken off the list as they are completed and reimbursements of \$2,000.00 & \$4,000.00 have been received, respectively.

Grant #9 & 10, Water Plant / Raw Water upgrades; We need to decide as soon as possible whether we are going to move forward on the newly proposed Raw Water Station upgrade proposed loan/grant from SRF, and the previously proposed Water Plant upgrades, or the optional general obligation bond, to take advantage of rolling all our SRF loans with the Town together. This will save us thousands of dollars and hundreds of manhours by not having to repeat the legal, PUC, engineering and MMBB process two or three times.

Grant #11, Road Work Infrastructure Upgrades; The borrowing process has started, MMBB and Bernstein Shur have initiated basic dialog on information and documentation. The MMBB Board approved this loan at their March meeting.

Financials;

Payroll;

The following problems are still outstanding concerning payroll issues;

- 1) Different figures were given to Bangor Payroll by The Town when the payroll was initially set up for health insurance deductions. Employees were not having enough deducted from their pay totaling a \$3,114.13 deficit to the District. This is because the Town and District percentages for employee contributions were set up differently.

- 2) The first weeks payroll of 2017 was conducted by the Town and there were errors in the checks drafted for that pay period. The most significant is my owing the Town \$260.00 due to a payment made on my behalf to Mass DOR that wasn't supposed to be made.

Bank Accounts;

I withdrew \$15,150.56 from several T D Bank Sewer CIP accounts to offset the expenses paid for these specific items from our Operating Budget. Wadman Associates are aware of this as part of their audit. I opened an HRA account for employee reimbursements from Group Dynamics. The Payroll Account is now specifically for payroll only.

There is now one checking account for paying bills. This will greatly simplify the bill paying process and eliminate areas where errors were previously made. There are a separate Water Savings account and Sewer Savings account that "feed" into the checking account when paying bills their appropriate invoices.

Estimated billing commitment, 1st quarter 2018;

Water \$ Sewer \$

The Audit is still ongoing. I spent a half a day going over some questions at Wadman's Office at the end of March. They are hopeful to have draft reports ready in a couple of weeks.

Wastewater;

Ted Berry company was hired to clean out the lift station wet wells and areas in the collection system with "bellies" in the pipes where sewerage tends to collect in preparation for the summer surge. They removed a lot of grease from Norwood Cove and we found serious anaerobic, (septic), conditions in the length of collection pipe between Lawler Ln and the WWTP.

I have resurrected the old trailer mounted 3 phase generator the Fire Dept. was going to sell off. This generator will be used to power our Lift stations and eliminate the cost of at least \$10,000 per lift station for stationary generators.

Water:

We are working with Dysart Marine to replace the private water main that feeds the Marina area, including our WWTP. As a partner in the project, we will be supplying the materials for the main and hydrant, (a cost of less than ¼ of the total project).

I have not received any price quotes from General, or Trade contractors on the Raw Water Station. I have several phone conversations and site visits, but without detailed, engineered drawings, most are reluctant to even give a ballpark figure. I did ascertain that most saw little or no difference in payroll for the experienced employees, and 20% on laborers payroll compared to the Davis Bacon Act.

We continue to replace, and install, automatic readers, correct issues with accounts and billing and bring more customers into the billing system with accurate reads.

Thank you