

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

**Approved Minutes**

Town Office Meeting Room

Wednesday, July 25, 2018

**Item 1            Convene meeting**

Meeting was convened at 6:10 pm. In attendance were Board members Jim Geary, Ralph Dunbar, Lee Worcester Jim Vekasi, newly appointed Town Manager and District Board member Justin VanDongen, and District Manager Steven Kenney.

**Item 2            Visitors**

Six visitors were present: Select Board member Lydia Goetze; Jim Wadman and Amy Atherton from James W. Wadman, Certified Public Accountants; Nick Henry, Certified Public Accountant specializing in utility districts with HMV, Certified Public Accountants; and Louise Soucy, Certified Public Accountant.

Jim Wadman and Amy Atherton presented the results of the 2017 audit. They reported three material weaknesses with the District accounting system, most significantly problems with proper recording and reconciliation of general ledger accounts resulting in inaccurate financial reports. The Board expressed gratitude to Amy for finding and remedying entry issues and discussed ongoing measures to improve our system including engaging the assistance of Nick Henry to review our chart of accounts and recording systems and Louise Soucy to provide ongoing accounting assistance.

Nick Henry will start this process over the next three weeks. The board requested that as part of his review, he particularly look at how we handle billing receivables and grant revenues. It is anticipated that most of his work will take place this year and will phase out as our accounting systems improve.

After Nick makes his observations Louise Soucy will begin regularly reviewing the District entries. As Louise Soucy is married to Board Chair Jim Geary, a discussion about possible conflict of interest ensued. The Board concurred that as Jim has no authority to make accounting entries or sign checks and instructions to Louise would come from District Manager Kenney, no conflict would exist.

**Item 3            Approval of minutes from previous meeting**

**Ralph Dunbar moved** that the draft minutes of the May 10, 2018 meeting be approved as presented. Seconded by Lee Worcester. Vote 4/0/1. (Justin abstained as he was not a Board member at the time of this meeting.)

**Ralph Dunbar moved** that the draft minutes of the June 14, 2018 meeting be approved as presented. Seconded by Lee Worcester. Vote 4/0/1. (Justin abstained as he was not a Board member at the time of this meeting.)

**Item 4 Financial**

- A) Review of current reports.
  - 1. In general, year-to-date revenues are adequate to cover year-to-date costs.
  - 2. Only 40% of budgeted annual sewer revenues have been received, but it is anticipated that the combination of summer flows and the 10% rate increase will provide substantial third quarter revenue.
  - 3. Water revenue is up due to billing improvements and expenses are down due to vacant positions.

B) Jim Geary requested that the Board routinely receive reports on revenue adjustments

C) Water and Sewer commitments based on end of quarter II billing were presented:

**Ralph Dunbar moved** to accept the Sewer commitment of \$122,176.53 for the period April 2018 to June 2018, subject to an interest charged for unpaid balance of 7% per annum beginning August 11, 2018. Second by Lee Worcester. Vote 5/0/0.

**Ralph Dunbar moved** to accept the Water commitment of \$148,863.51 for the period April 2018 to June 2018, subject to an interest charged for unpaid balance of 11.25% per annum beginning August 11, 2018. Second by Lee Worcester. Vote 5/0/0.

D) Our attorneys recommended formal language regarding acceptance of the loan from MMB for upcoming water plant, water intake, and road-related water and sewer utility work.

**Justin VanDongen moved** the following resolution. Seconded by Lee Worcester. Vote 5/0/0.

Resolved:

(1) That the Board of Trustees hereby approves the applications made to the State Revolving Loan Fund at the Maine Municipal Bond Bank for approval to borrow up to \$1,023,130, less forgiveness of up to \$208,818, of permanent financing to fund Filter Plant Upgrades (\$83,830); Long Pond Pump Station Upgrades (\$537,320); and Cedar Lane and Claremont Road Water Main Replacement (\$401,980), including design and construction costs, transaction costs and all related expenses (the "Projects").

(2) That, pursuant to authority granted by the Charter of the Southwest Harbor Water & Sewer District, and specifically Section 20 thereof, and any other applicable law, the District is hereby authorized to issue and sell to the Maine Municipal Bond Bank Taxable Water Bonds of the District (the "Bonds") in an aggregate principal amount not to exceed \$1,023,130 to fund the Projects, said funding to include transaction costs and all other expenses reasonably related to the Projects.

(3) That the District Treasurer and Chair of the Board of Trustees are hereby authorized to execute and deliver the Bonds on behalf of the District to the Maine Municipal Bond Bank. The Bonds are to be sold upon such further terms and conditions

and at such interest rates as may be approved by the Treasurer and Chair of the Board of Trustees, and shall have the District seal affixed and be attested by the District Clerk.

(4) That the District Treasurer is authorized and directed to issue a revenue obligation note or notes to the Maine Municipal Bond Bank in the amount of up to \$1,023,130 on behalf of the District at a rate of interest not to exceed 2.5%, and for a term not to exceed one year, to fund the Projects, said interim funding to include engineering and construction costs, transaction costs and all other expenses reasonably related thereto.

(5) That the District hereby irrevocably pledges the user fees, rates, assessments and other charges of the District for the payment of the debt service on the Bonds.

(6) That the Treasurer and Chair of the Board of Trustees are hereby authorized to execute and deliver Loan Agreements with the Maine Municipal Bond Bank, in such form as the Maine Municipal Bond Bank shall require, for the interim loan and for the permanent financing.

(7) That the District officers and officials are hereby authorized to execute and deliver any and all documents and certificates, and to take any and all actions, including affixing the seal of the District as may be necessary or convenient to carry out the full purport and intent of the foregoing orders, or any one of them.

#### **Item 5 Approval of Warrants**

**Justin VanDongen moved** to approve Water and Sewer Warrants #27 and #27A. Seconded by Lee Worcester. Vote 5/0/0.

Justin VanDongen suggested and the Board concurred that future warrant signature sheets should include the warrant name, number, date, and amount.

#### **Item 6 Old Business**

- A) Administrative Consent Agreement (ACA) update. A July 17, 2018 letter from DEP stated, among other things, that our proposed Supplemental Environmental Project (SEP) was determined to be ineligible and that the training for new sewer employees was not adequate. We determined to:
1. Direct Steven to contact Susanne Miller at DEP and request a list of eligible SEP projects with the intent of finding and funding a suitable project and resolving this long standing issue.
  2. Record every instance of training by Tom Farley to other employees and share this information with DEP with the intent of demonstrating that we are following the DEP approved training agreement.
- B) District Manager pay raise. As part of the approved 2018 budget, Steven is to receive a 3% pay raise in 2018. He had hoped to find a way to use this to mitigate his health insurance costs rather than simply receive a pay increase, but that has not worked out.

**Lee Worcester moved** to award a retroactive 3% salary increase to Steven Kenney effective January 1, 2018. Seconded by Ralph Dunbar. Vote 5/0/0.

- C) Jim Geary noted that we should review Steven's contract to ensure we are meeting the provisions.

**Item 7          New Business**

A) See attached District Manager report.

**Item 8          Date of next meeting**

Thursday, August 9, 2018 at 6:00.

**Item 9          Adjourn meeting**

**Lee Worcester moved** to adjourn at 8:55 pm. Seconded by Ralph Dunbar. Vote 5/0/0

Submitted,



Attached:  
District Manager's Report

Approved August 9, 2018



Jim Vekasi  
Clerk

Attachment

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

**Grant Updates,**

Grant #2, Actuator Valve Replacement; We have one of the two filter trains up and running on the new valves and actuators with no problems. Due to the delay in getting the actuators on line because of the electricians failed health, I have postponed shutting down the second train of filters until after the summer demand has subsided.

Grant #3a, The Wastewater Environmental Engineering Report, (PER), was finely approved by USDA. I will be applying for full reimbursement of the \$12,500.00 we spent for the PER.

Grant #3b, USDA, SWH Water & Sewer and Olver Engineers are working on preliminary estimates to upgrade our Wastewater Treatment Plant given current and projected population, flows and regulations.

Grant #5, Emergency Response Plan; A regional table top emergency response scenario will be held on Thursday, July 26. It will include most local Water Departments, Hancock County Emergency Response, local Fire, Ambulance and Police, Hospital, Park Service and State Agencies.

Grant #6, RCAP has finished capturing all sewer manholes, numbering them and creating a map. They continue to work on listing all sewer assets and creating a maintenance program and material inventory for a depreciation schedule.

Grant #10, Tata & Howard has drawn draft designs for the necessary Raw Water Pump Station upgrades. They will be on site tomorrow to review the plans and make any changes.

Grant #11 & 12, Reviewed and made changes on the infrastructure improvement plans for the upcoming Town road projects. The entire project was put out to bid and bids accepted last week. The apparent low bidder was Sargent Corp. The bids were higher than hoped for and a large portion of the sewer upgrades, such as lining mains, will be removed from the project.

**Employees;**

Workers Compensation; I have been cleared for a full return to work.

Josh Conary alerted us his wife received a good job offer near her home town in upstate NY and would be leaving us by summers end. The Hospital where his wife currently works, and I, worked on counter offers to retain them. They will be staying for at least 2 more years. I raised Joh's salary to \$18.00, for this reason, and to compensate for having to start the new hire at \$17.50.

The new hire, Eric Schoff, started last week, he will be concentrating his time in learning the operations of the wastewater plant.

Tom has been doing a good job keeping WWTP running well and now that he has an employee under him to manage, I would like to increase his pay to compensate him for his good work and additional responsibilities, as his pay was decreased by \$5.00 this year for the opposite situation. I am proposing an additional \$1.00 an hour.

As you are aware, I requested not to have an automatic raise at the first of the year. This was due in part because of complications in my deductions and the District was “braking even” financially. I am now at the point where the District is doing better financially by the work we completed by capturing all the customers that were not being billed correctly and running operations more efficiently. I would ask the Board to discuss the possibility of a retroactive cost of living under my current contract.

We still need to fill the open position Snap’s retirement created, be it his, or Josh’s as he moves into the WTP operator position.

I was not able to take all of the time off previously reported due to staffing issues but was able to be off July 16-20.

I have placed ads with the MDI high school looking for summer in both clerical and outside labor.

**Financials;**

We have just completed the interface between CUSI, our billing program, and Quickbooks. The new financial reports should be even more accurate and up to date now.

Both our Water & Sewer billings were completed and mailed out. Both final tallies were higher than this quarter in the past couple years. This is the last billing prior to the 10% increase in sewer rates approved by the Board.

The Credit Card machine is up and running and is being used for both regular payments and overdue accounts.

**Wastewater:**

Due to the population increase our solids have doubled at the WWTP and sludge hauling has doubled. With the new employee in place in July, we will be able to maximize decanting our sludge to help assure maximum solids removal per load hauled. Once the WWTP is upgraded, the addition of a sludge digester will greatly decrease the number of loads hauled.

**Lift Stations;**

With the WWTP running smoothly and the hiring of a new employee, and the maintenance and care of the lift stations will be back under the Sewer Division.

**Water:**

The Water Treatment Plant is running fine. We have been manually running the plant to produce water at night to take advantage of off peak electrical rates and minimize overtime by constant call outs from the failing raw water pump when called upon to run.

Thank you