

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

Approved Minutes

Town Hall Meeting Room
Thursday, November 9, 2017

Item 1 Convene meeting

Executive session portion of meeting was convened at 5:15 pm. In attendance were Board members Don Lagrange, Jim Geary, and Jim Vekasi and District Manager Steven Kenney.

Don Lagrange moved that the Board go into Executive Session at 5:15 pm pursuant to 1 M.R.S.A. § 405 (6) (e) for consultation between the District and its attorney concerning regulatory issues. Seconded by Jim Geary. Vote 3/0/0.

Donald Lagrange moved to leave Executive Session at 5:35pm. Seconded by Jim Geary. Vote 3/0/0.

Due to medical recovery, Don Lagrange left after the executive session. In attendance for the regular meeting were Board members Jim Geary and Jim Vekasi and District Manager Steven Kenney. Regular meeting was convened at 6:00 pm.

Item 2 Approval of minutes from previous meetings

Jim Geary moved that the draft minutes of the September 14, 2017 meeting be approved as submitted. Seconded by Jim Vekasi. Vote 2/0/0.

Jim Geary moved that the draft minutes of the October 12, 2017 meeting be approved as submitted. Seconded by Jim Vekasi. Vote 2/0/0.

Item 3 Visitors to be heard – None present

Item 4 District Manager's Report

- A) Resolution of DEP Administrative Consent Letter of July 21, 2017. All substantive compliance issues have been addressed. The District is considering potential Supplementary Environmental Projects in lieu of a civil monetary penalty. Working through our attorney, we will be submitting project(s) to DEP for approval.

- B) Personnel. We will need to consider 2018 pay and other personnel issues as part of the 2018 budget process.
 - a. Steven will research and share information on comparable salaries in Maine. Sources include MMA and MRWA.

- b. Steven will discuss performance and pay individually with his staff and present recommendations to Board with the understanding that Steven can make minor changes to pay levels within the current budget, but will discuss larger pay issues with the Board before implementing new actions. The Board will approve all COLAs.
 - c. The Board will meet with Steven in executive session for his performance review and salary discussion.
- C) Steven went over the status of each grant funded project. He is contacting grantors for cost reimbursement for completed work funded by them and the Town for cost reimbursement for completed capital improvements with life span exceeding twenty years.

Item 5 Financial

- A) Accounting. Jim Vekasi expressed concern that capital expenses and bond principal expenses only show in balance sheet adjustments and not in P&L. Since all the bond principal expenses and some of the capital expenses are paid from current year revenue, it can be difficult to answer the basic questions, “How much did we make and where did we spend it?” Ideas to address this were discussed.
- a. Include grant income and reimbursement from Town for capital expenses as revenue when it is approved. Record as Accounts Payable and appropriate income account in same manner as we do for quarterly billings. There is a need to clarify exactly which accounts are used for grant income and bond liabilities.
 - b. Prepare monthly year-to-date reports for Board review containing transactions for all pertinent asset and liability accounts including:
 - i. 105 · CONSTRUCTION WORK IN PROGRESS
 - ii. 1105 · WASTEWATER CONSTRUCT IN PROG
 - iii. 101 · WATER UTILITY PLANT
 - iv. 1101 · WASTEWATER UTILITY PLANT
 - v. 221 · WATER BONDS
 - vi. 221.5 · WASTEWATER BONDS
 - vii. 222 · NOTES PAYABLE
 - viii. Any other accounts meeting this criteria
 - c. Add two pairs of offsetting accounts for capital expenses and bond principal expenses that would show the expenditures in the Profit and Loss Statements. In addition to the current practice of posting these expenses to asset and liability accounts that affect the Balance Sheet, this would require entering additional transactions showing expenses and offsetting income or negative expenses that would net to \$0 on the Profit and Loss statement.

The decision was made to instruct Steven and Michelle to prepare the monthly reports shown in item c. above for the remainder of 2017 and then consider if we need to add the additional actions shown described in item d.

- B) October reports. Jim Geary requested that the October Profit and Loss reports be re-issued showing budget and clarifying the date range.

- C) 3rd Quarter commitments and adjustments. Steven presented the results of the 3rd quarter billing – the first completely prepared with the new meter and billing systems. A number of adjustments were needed after issuing the bills due to bugs in the system. It is anticipated that the January billing will go more smoothly as the problems are addressed one by one. On the bright side, it appears that both water and sewer revenues will meet or exceed budget.

Jim Geary moved to retain current unpaid balance interest rates of 7% per annum for sewer and 11.25% per annum for water. Jim Vekasi second. Vote 2/0/0.

- D) 2018 Budget. The Board and District Manager will meet on December 11 and 12 to review a draft 2018 budget.

Item 6 Approval of Warrants

Jim Geary moved to approve Water Warrants #12 and Sewer Warrant #13. Seconded by Jim Vekasi. Vote 2/0/0.

Item 7 Old Business

None

Item 8 New Business

Additional trustees. The Select Board intends to advertise the opportunity to serve on the District Board and interview candidates before appointing them. Target date for appointment is November 28.

Item 9 Date of next meeting

Tuesday, December 5, 2017, 6:00 pm. for regular monthly meeting. Budget workshop Monday, December 11 at 6:00 with a second session if needed on Tuesday, December 12 at 6:00.

Item 10 Adjourn meeting

Jim Geary moved to adjourn at 7:25 pm. Seconded by Jim Vekasi. Vote 2/0/0

Submitted,



Approved December 5, 2017



Jim Vekasi
Clerk