

MINUTES OF THE BOARD OF TRUSTEES

June 29, 2022

The regular meeting of the Board of Trustees was called to order by President Fred Lynk at 2:14pm. Trustees Tom Oliver, Jim Burrows and Bob Emmons attended along with Superintendent Steve Cox, Treasurer Wayne Brockway, Accountant Cathy McLeod, GIS/Asset Management Coordinator Justin Richardson, Distribution Manager Keith Archibald, Assistant Plant Manager Brian McBride, Plant Manager Bill Snyder, Facilities Manager Rob Weymouth, District Engineer Jamie Paschal, Customer Service Supervisor Kathleen Chapin and Administrative Assistant Cindy Rounds.

PUBLIC COMMENT

There was no public comment.

MINUTES — May 25, 2022 and June 8, 2022 Meetings

On a motion by Trustee Oliver, seconded by Trustee Emmons, it was unanimously voted to accept May 25, 2022 and June 8, 2022 Minutes as presented.

TREASURER'S REPORT

Financial Report

The Treasurer provided an overview of the Unaudited Income Statement for 2021. He noted that as of now Net Income for the year is projected to be a positive \$421K, which is \$353K ahead of budget. He then presented the unaudited 2021 year-end revenue analysis and comparison to budget financial report. He reported that annual metered account revenues were \$5,192,030 indicating a 4.8% favorable variance of \$237,611. Seasonal metered account revenues totaled \$1,661,671 indicating a 5.7% favorable budget variance of \$89,211. Total metered revenues were \$6,853,700 indicating a 5.0% favorable budget variance of \$326,821 and a 1.9% increase in the year-to-date billed usage from 2021. There were 127 SDCs collected in 2021, approximating \$260,000 net of three-year adjustments. This compared to 148 collections totaling approximately \$235,000 in 2020 (net of adjustments). The total of all SDCs collected since 1987 when the process began is \$7.6M including adjustments. He noted that the customer count increased by 153 in 2021 adding that the five-year average growth was 1.07%. He noted that in 1981 there were 7,773 customers and in 2021 there were 14,410, an increase of 85.4%.

He then presented the May 2022 revenue analysis and comparison to budget financial report. He reported that annual metered account revenues were \$1,376,077 indicating a 3.8% favorable variance of \$50,942. Seasonal metered account revenues totaled \$629,301 indicating a 2.5% unfavorable budget variance of \$16,234. Total metered revenues were \$2,005,378 indicating a 1.8% favorable budget variance of \$34,708 and a .2% increase in the year-to-date billed usage from 2021. He stated that there were 38 System Development Charges collected through May totaling approximately \$62,000.

The Treasurer gave a brief overview of the process and tasks being undertaken to prepare for the upcoming audit.

Trustee Oliver noted that during his pre-election appearances he had been questioned by an ad-hoc committee member, who was a CPA, in Wells. He asked why the District doesn't produce General Ledger Detail Reports, specifically allowing a review of the general ledger warrant by the Board prior to payment similar to how a Board of Selectmen typically does. The Treasurer agreed with Trustee Lynk's response that a Financial Transparency has limited use and not something he thought the District would want to do.

Another item the CPA recommended was the development of a purchasing policy that sets a spending limit on non-budgeted items prior to requiring Board approval. The Treasurer agreed noting during platform implementation meetings, the need for one was mentioned. The Superintendent indicated he has been in contact with a few other utilities who are also looking to develop a purchasing policy. He intends to put more focus on that by the end of the year.

On a motion by Trustee Oliver, seconded by Trustee Burrows, it was unanimously voted to accept the December financial report.

Amendment to July 6, 2020 Short-term Loan Agreement

The Treasurer explained the purpose of this amendment was to extend the term of the loan for an additional year making it payable prior to July 6, 2023. A brief discussion ensued.

SECOND AMENDMENT TO NOTE

(SECOND ALLONGE)

NOW COME the undersigned duly authorized representatives of the **Kennebunk, Kennebunkport and Wells Water District** and for good and valuable consideration do hereby amend the Revenue Obligation Note dated July 6, 2020 in the face amount of Three Million Four Hundred Seventy-Seven Thousand Four Hundred Thirty and 00/100 Dollars (\$3,477,430.00), as amended by a certain Amendment to Note dated July 6, 2021, running from the Kennebunk, Kennebunkport and Wells Water District to the Maine Municipal Bond Bank to change the maturity date of said Note to read as follows:

"On or before the first business day after the day on which the Kennebunk, Kennebunkport and Wells Water District executes permanent financing to repay this Note or July 6, 2023, whichever occurs sooner, for value received the Kennebunk, Kennebunkport and Wells Water District promises to pay to the Maine Municipal Bond Bank, or its assignee, the sum of:"

In all other respects, the provisions of the original 2020 Revenue Obligation Note dated July 6, 2020 shall remain in full force and effect.

On a motion by Trustee Emmons, seconded by Trustee Burrows, it was unanimously voted to authorize incoming President Oliver to sign the (second) amendment to this loan agreement.

Cost of Service Study (COSS)

The Treasurer gave the Board an update on the process involved in conducting a Cost of Service Study. He reported that he has secured the services of David Fox. The cost of the Study will be \$46,000; it was \$56,000 in 2003 when the last study was done.

Responding to Trustee Lynk's inquiry, the Treasurer replied that preparing for the Study should not have a big impact on staff's time and there is no deadline to provide information.

PROJECT AND OPERATIONS UPDATES

COVID-19 Operational Update

The Superintendent reported that there has been no activity to report on. This item will be taken off the agenda until/unless other COVID-related issues arise.

Water Supply, Production and Updates

The Superintendent gave a brief presentation of the monthly precipitation, water production statistics and water production cost charts for May.

He reported that 109.85MG of water was produced in May, up by 1.1MG (1%) from 2021. The supply source summary for May indicated that Branch Brook provided 71.102MG while 36.181MG of groundwater was supplied by the Harriseckett Road well. In addition, 2.56MG of water was purchased via the system interconnections.

Liquid precipitation recorded at the Filtration Plant was moderately low at only 1.69" (10 measurable rain events) for the month of May. YTD liquid precipitation stands at 16.44" which trails modestly behind the 18-year group average of 22.02".

He noted that the chemical cost of treating surface water for May decreased from \$311.34/MG the previous month to \$293.13/MG, while groundwater experienced a slight increase from \$101.08/MG to \$110.76/MG. This resulted in a blended water cost of \$229.65/MG for the month of May. The YTD blended water cost now stands at \$253.04/MG compared to \$216.01/MG in 2021.

He brought the Board's attention to the (2020-2022) monthly water production versus metered revenue comparison chart which indicated that May's \$147,343 metered revenue was \$797,358 lower than 2021 and \$224,846 lower than 2020. The \$2,005,377 YTD metered revenue is \$177,702 more than 2020 and \$4,424 higher than 2021.

The progress of District's pipe replacement project was shown in a tracking chart. Cast iron pipe, asbestos cement pipe, seasonal galvanized pipe and deep galvanized pipe were analyzed. It illustrated the comparison of the pipe footage in place on 1/1/2006, pipe retired through 5/31/22 and pipe still in place as of 5/31/22. Since 1/1/06, 33% of cast iron pipe in the

distribution systems has been retired, 7.7% of asbestos cement pipe has been retired, 93.4% of seasonal galvanized pipe has been retired and 83.3% of deep galvanized pipe has been retired.

AMI Meters

The Front Office Supervisor reported that 65 meters (537 YTD) were installed in May, bringing the cumulative total to 14,561, representing approximately 99.4% of all customer accounts, including 99.4% of seasonal accounts and 99.4% of annual accounts. Of the remaining 85 accounts to have their meter replaced, there are 30 accounts who have opted out and do not wish to have an AMI installed.

A luncheon was held on June 16th to celebrate the 'essentially complete' implementation of AMI. The Superintendent thanked the Administrative Assistant and the Distribution Manager for their coordination of the event.

The Superintendent reported that since the AMI installation program began, there has been a substantial decrease in water abatements; approximately \$18,000 in abatements prior to the AMI installations has been reduced to under \$1,200 in 2021, a savings to the District and our customers, as well as being responsible stewards of the resource.

GAC Facility

The Superintendent reported that the EPA has developed a health advisory for PFAS, which indicates that one of the items is 800 times lower than the detectability level. Many leaders in the water industry have stated that this is the most irresponsible public policy they've ever seen.

The Plant Manager reported that media has been installed in the filter vessels (both resin and GAC). Staff from the Plant and Facilities Departments backwashed the GAC on Monday (to remove fine particles from the new media). After one more backwash, scheduled for tomorrow, the facility will be put back on-line. The Plant Manager and Facilities Manager both noted that they were very pleased with Calgon's (media supplier) performance during the media replacement process. The process was smoother than with the past supplier. They intend to have the facility back on-line prior to the holiday weekend.

Trustee Lynk asked how the District would deal with a need to shut down the GAC Treatment Facility during peak summer demand, based on the EPA's recently published health advisory levels. The Superintendent explained that we ran our last batch of GAC up to 350 MG before any detectable amounts and all studies suggest the resin will be more effective. Our intense testing also enables us to predict when detectable levels will likely show up. Maine Water Company's new plant and our interconnection with York Water District will assist us in the event we need them.

Sodium Hypochlorite Conversion at the Filtration Plant

The Facilities Manager reported that the hypo project is nearly complete. Sodium hypochlorite is in the bulk storage tanks. The pumps and piping have been tested with water. The department is working through a few start-up issues with plant controls, communication and an old chemical injection point that needs to be repaired. He will be on vacation in early July. The official start-up of the new system is scheduled for when he returns. The Filtration Plant is still operating on chlorine gas one-ton cylinders until the new system is fully on-line.

The Plant Manager noted that we have been meeting the Drinking Water Program's requests and requirements as progress has been made.

Arundel North Booster Pump Upgrade

The Facilities Manager explained the changes that have been made at the booster with the purpose of increasing the flow rate of water that can be purchased from Maine Water Company (up to 3000 gpm). Piping has been replaced inside the facility. A larger pump was installed. The electrical service was also upgraded to 480V to power the new, larger pump.

Engineering, Facilities, and Plant staff will work together to design and program a new control strategy for the Arundel boosters following the equipment upgrade that will allow them to better work together.

Ocean Avenue & Colony Avenue (K'port) Water Main Replacement

The Distribution Manager reported that two of the three phases of the project are finished and the water main trench along Ocean Avenue and Colony Avenue was paved last week.

Warren's Way Water Main

The Distribution Manager reported that installation of the replacement water main was completed last week. The last service was tied over today. Tomorrow the old main will be discontinued, and the Distribution crew will support the work of BREX Corp to install a valve at the end of the project. The valve will allow the installation of the main extension that will serve the Calesa Estates project, and installing it now will eliminate an additional water main shutdown later for the customers on Warren's Way. The project should be completed by Thursday, and paving will follow as soon as the paving company can schedule the work.

Laudholm Farm Main Replacement

The Distribution Manager reported that he is waiting for delivery of the pipe for the project. Assuming pipe shows up in time, the schedule of work is to start in mid-July and finish near the end of September.

Spring Flushing Program

The Distribution Manager confirmed that this project has been successfully completed.

Groundwater Exploration

The report being compiled by Wright-Pierce Engineering has not be completed but is expected soon.

WATERSHED

CMP Transmission Line Erosion

The GIS/Asset Management Coordinator reported that the erosion restoration that Central Maine Power is working on is currently on hold until the Maine Department of Inland Fisheries gives them the permission to start. They are waiting until the end of August due to bird nesting season. He illustrated photos comparing the level of erosion in 1998, 2003 2007, 2010 and 2016 and described the measures CMP is taking to block ATV access to the transmission lines with concrete barriers, fences and metal gates.

The GIS/Asset Management Coordinator also reported that on July 20th he participated in an educational public outreach program in Sanford. He along with representatives from Central Maine Power, The Nature Conservancy, Maine Department of Inland Fisheries and Wildlife and the Maine Warden Service gave a presentation to the public. They presented on the unique soils, vegetation and habitat of the Kennebunk plains, the ongoing erosion problems and the effect it has on Branch Brook and the unique regional ecosystem. He said there will be another educational public outreach session in Kennebunk this September.

The Superintendent noted that he and the Assistant Superintendent met with York and Kittery Water Districts to understand more about their law enforcement grants and methods of patrolling their watershed areas.

Jones Associates Watershed Management Plan

The Superintendent provided a status update on the Forest and Asset Management Plan being prepared.

OTHER BUSINESS

Employee Recognition

The Superintendent praised the Assistant Superintendent's efforts in compiling the pipe type retirement progress tracking charts.

Retirement and Anniversary Recognition Practices

Trustee Oliver had requested at a previous meeting that a retirement recognition program be developed for the Board's review and approval.

The Superintendent reported that he had researched area municipalities and other utility districts to determine their recognition practices. He then presented the employee retirement recognition practices intended to provide consistent, equitable and appropriate recognition for retiring employees. Employees with less than 20 years of service will receive \$250 award from the District. Employees with 20 or more years of service will receive \$500 award from the District. These were then discussed briefly. Trustee Oliver suggested that for those employees who retire with over 30 years, the retiree should have the option for a dinner event in lieu of a luncheon. Consensus among the Board agreed that Trustee Oliver's suggestion was appropriate. It was agreed that it will be management's discretion whether any retirements would share/combine into one celebration.

The Superintendent noted these two practices will become part of the Procedures Manual.

Phone System

The Superintendent reported that the phone system greeting has been streamlined and has been reduced to a 14 second message. A phone log was developed and showed only one customer complaint prior to the new message and further research found they dialed the wrong number.

SMRWC Annual Meeting

The Treasurer reported on the June 2nd event hosted by Maine Water that was attended by many employees and Trustees of SMRWC. He noted that the meeting began with a tour of their new Treatment Plant provided by Rick Knowlton of Maine Water Co., which was followed with an overview of the project and Q & A. It was also noted that Assistant Superintendent was elected as incoming President.

MPUC Chapter 62 Comments

The Superintendent mentioned that KKW was part of a larger group of utilities that provided comments to the Maine Public Utilities Commission regarding proposed changes to the Commission's Chapter 62 service standards.

Section XIII: Dispute Resolution

Trustee Lynk reported that the Board had received a request to resolve an employee dispute. He outlined the process that is followed to consider the resolution of employee disputes as it is written in the Personnel Handbook. It notes that consideration of the resolution shall take place during the next regularly scheduled meeting.

A motion was made by Trustee Oliver and seconded by Trustee Emmons to discuss the resolution of this conflict. Discussion of the matter commenced. Trustee Lynk acknowledged that he misunderstood that this issue had been resolved prior to the current request for a meeting with the Board. The dispute being addressed is in reference to changes that were made to the Facilities Department work schedule/hours. When a recent vacancy for a Facilities Technician position was filled, the department's hours were changed from four ten-hour days to five eight-hour days. Trustee Oliver stated that he disagreed with the decision to change the hours and they should return to four ten-hour days. The Superintendent stated that the revised hours provide expanded (five days) coverage for the department and also increases the availability of the Facilities Manager to five days. It was debated that the Facilities Manager is currently on call when he is not on duty so that would resolve the coverage issue. Trustee Lynk noted that one reason noted for the change was the limited knowledge of the SCADA system (beyond the Facilities Manager's knowledge). He suggested that training be conducted to educate other staff of the SCADA system operation. The Superintendent suggested that an independent third-party evaluation of the current SCADA system be conducted to get a clear understanding prior to the eventual retirement of the Facilities Manager. Further discussion addressed how the week would be covered with the four employees of the department. The Facilities Manager stated that there would be at least two staff members working together every day. The Superintendent noted that performance expectations will be set forth to attain optimum coverage.

Upon the conclusion of the discussion, there was a restatement of the motion and it was unanimously voted to resume the four ten-hour day work. Trustee Lynk noted that moving forward, the Board should be notified prior to significant changes such as this are made.

Trustee Comments

Trustee Oliver introduced the concept of locating a Suggestion Box in the Lunchroom that would be monitored by the Board. He suggested that having the suggestion box for employee comments may prevent further occurrences of employee dispute.

Next Meeting

The next regular Board of Trustees meeting will be held on Wednesday, July 27, 2022 in the Conference Room.

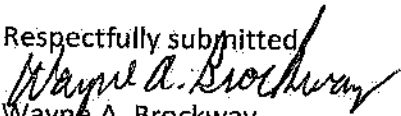
EXECUTIVE SESSION

On a motion by Trustee Oliver, seconded by Trustee Emmons, it was unanimously voted to go into Executive Session at 3:42 pm to discuss a real estate matter pursuant to MRSA Title 1 Section 405.6(C).

On a motion by Trustee Oliver, seconded by Trustee Burrows, it was unanimously voted to come out of Executive Session at 3:49 pm with no action taken.

ADJOURNMENT

On a motion by Trustee Burrows, seconded by Trustee Emmons, it was unanimously voted to adjourn the June 29, 2022 meeting at 3:53 pm.

Respectfully submitted

Wayne A. Brockway