

KENNEBUNK SEWER DISTRICT BOARD OF TRUSTEES
MONTHLY MEETING, FEBRUARY 2, 2016

The Board of Trustees of the Kennebunk Sewer District held its regular monthly meeting on Tuesday, February 2, 2016 in conference room of the District Offices located at 71 Water Street in Kennebunk.

Trustees present were: John E. **Price III**, Chairman
 Mark K. **Allenwood**, Vice Chairman
 James A. **Oppert**, Clerk
 Wayne A. **Brockway**, Treasurer
 Nicholas N. **Branchina**

KSD Staff present was: Michael **Bolduc**, KSD District Manager
 Patrick **Wiley**, KSD Assistant Manager

AGENDA:

1. Reading of the Minutes for the January 5, 2016 Monthly Meeting
2. Status Report on the K&E building
3. Review of Rate Setting Options
4. Other business...
5. Adjournment

The meeting was called to order by Chairman **Price** at 6:53 p.m.

Agenda Item #1: Reading of the Minutes for the January 5, 2016 Monthly Meeting

Price dispensed with the reading of the minutes and asked the Board for comments regarding the minutes for the regular monthly meeting held on January 5, 2016.

Brockway submitted the following correction and addition:

- Page 2, Item #2, 5th paragraph, last line: “The contract is a two part form” should be deleted.
- Page 7, Item #6, 4th paragraph from the bottom: “and the Trustee’s evaluation of the manager’s performance” should be added to the motion.

Oppert submitted the following revision:

- Page 7, Item #7, 1st paragraph, line 2: “not be available any earlier” should read “not be needed any earlier”.

Price submitted that the word “available” was correct as written.

Oppert submitted the following revision:

- Page 5, Item #4, 2nd paragraph, line 10: “inquired about the suitability of the new tank material” should read “asked if the new tank was made of suitable material”.

Allenwood submitted the following corrections:

- Page 2, Item #2, 1st paragraph, line 3: “Brunswick Sewer Treatment Facility” should read “Brunswick Sewage Treatment Facility”.
- Page 5, Item #4, 2nd paragraph, line 11: “exactly what KSD specified” should read “exactly what BC (Brown & Caldwell) specified”.

There being no further corrections, revisions, or additions to come before the Board regarding the Minutes for the January 5, 2016, **Price** asked for a motion.

A motion was made to accept the minutes of January 5, 2016 as amended.

MOVED: Oppert

SECONDED: Brockway

DISCUSSION: None.

MODS: As amended.

VOTE: 5 for, 0 opposed; the motion carried.

Price moved to the next agenda item.

Agenda Item #2: Status Report on the K&E building

Referring to Attachment #2 (Agenda Item Commentary) of the February, 2016 Trustee's Meeting Packet, **Bolduc** introduced the topic by outlining two parts:

- Environmental remediation work on the site; and
- Demolition and construction of a new Administrative and Maintenance facility.

Addressing the environmental remediation issues, **Wiley** provided the following highlights:

- Bob **Hoffman** of Hoffman Engineering provided a four part plan consisting the following topics:
 - Site Assessment - management of excavated fill;
 - PCB Soil Sampling;
 - Determine Demolition Specifications - removal and proper disposal of asbestos materials, universal waste and residual chemicals present at the site; and
 - Proposed Building Plan Review.
- The total cost for this remediation plan is 10,690.

Wiley provided the following responses to questions/concerns raised by the Board:

Issue: Did the PCBs in the soil originated from the window caulking (**Price**)?

Response: Yes, it can leach from the caulking into the concrete.

Issue: How is the sampling accomplished (**Brockway**).

Response: Sample points varied in 2 foot increments (2-4-6-8-etc.) (**Bolduc**).

Bolduc noted that efforts were underway to develop a time table and leasing arrangements for the two projects. He indicated that construction will probably not commence until at least September.

Oppert asked if remediation could be eliminated by building on top of the existing foundation.

Bolduc replied that a ventilated slab would be essential for dealing with possible future issues if building on top of the existing foundation was the chosen method.

Referring to the Underwood Memo of January 28, 2016, Subj: Proposed Admin Building – Conceptual Plan, of the February, 2016 Trustee's Meeting Packet, **Bolduc** addressed the cost issue by provided the following price information:

- Topographical Survey, Wetlands/High Intensity Soils Survey/Report, and Base Plan Preparation will total about \$10,000;
- Total program cost including Topo Survey and Conceptual Design will be about \$25,000, worst case.

Oppert pointed out that “*Survey to be prepared at 1”=20’ scale with 2 foot contours*” as specified on page 1, Task 1 – Topographic Survey and Existing Conditions, might not have enough resolution for the flatness of the area and suggested 1 foot contours.

Bolduc replied that a laser survey with a pixilated drawing, which will pick up all details, is planned.

Price questioned whether KSD will own all the survey data or just enough resolution for 2 foot contours.

Bolduc agreed that the question was valid and would get the answer from Underwood.

Referring to page 2 of the Underwood Memo, **Brockway** asked if all of Task 2 – Conceptual Design was needed or should some tasks be delayed until a later date.

Bolduc replied that it would be desirable to have all work tasks of the Conceptual Design as presented.

To avoid future ambiguity, **Price** stated that he would prefer a motion that recognizes the cost numbers and authorizes the manager to proceed.

There being no further discussion or comments to come before the Board regarding this issue, **Price** asked for a motion.

A motion was made to proceed with the recommended tasks for site remediation and plans as presented not to exceed \$25,000.

MOVED: Brockway

Bolduc remarked that the scope of work consisted of two separate tasks, remediation and conceptual plan, and recommended that the Board have two separate motions.

Brockway withdrew his motion.

Price stated that he intended for the motion to cover both tasks, environmental remediation and conceptual plan, so that the costs that were just discussed are reviewed and authorized by the Board.

A motion was made to authorize the manager to proceed with the environmental remediation and site plan and programming for a combined total not to exceed \$36,000.

MOVED: Brockway

SECONDED: Allenwood

DISCUSSION: None.

MODS: None.

VOTE: 5 for, 0 opposed; the motion carried.

Price moved to the next agenda item.

Agenda Item #3: Review of Rate Setting Options

Referring to Attachment #2 (Agenda Item Commentary) of the February, 2016 Trustee's Meeting Packet, **Bolduc** summarized the development of Attachment #6 (Rate increase Scenarios). His presentation included the following strategies:

- Scenario 1 – no attenuation
- Scenario 2 – debt in excess of annual need totaling \$342,000
- Scenario 3 – debt in excess of annual need totaling \$543,000

Bolduc provided a lengthy explanation of the three Scenarios as detailed on page 18, and pages 23 thru 28 (fold outs) of Attachment #6, highlights included:

- An Annual COLA increase is estimated to be 3.000%; and
- Scenario 3 is the recommended option.

Price asked if funds can be collected for the debt in advance of actually having the debt.

A discussion developed regarding various strategies of debt collection including:

- Interest bearing accounts;
- Operating capital; and
- Timing of the treatment plant expansion.

Brockway asked if the rate projections graphs for each scenario could be superimposed on top of each other in order to see the differential.

Bolduc replied in the affirmative.

Branchina asked for details on next year's rate increase.

Bolduc replied that if Scenario 3 is follows, the increase over existing debt would be \$35.

A discussion developed regarding rate increases, highlights included:

- The total increase would be \$94 including the bond debt from 2015 to 2016 using scenario 3 debt;
- The operation and maintenance portion of the increase is \$10;
- The difference from Scenario 1 to Scenario 2 will add \$25 to the typical single family resident bill;
- The difference from Scenario 1 to Scenario 3 will add \$35 to the typical single family resident bill;
- The average user will see an increase in the annual bill of 15.9% using Scenario 3;
- Timing factors affecting attenuation include:
 - Design completion by the end of 2016;
 - District meeting date;
 - Voter petition; and
 - Referendum date.
- A decision is needed for next month's rate hearing;
- Notices are scheduled for mailing on February 8, 2016; and
- The benefit of early collection is having working capital at the start of construction.

There being no further discussion or comments to come before the Board regarding this issue, **Price** asked for a motion.

A motion was made to proceed with Scenario 3 as described.

MOVED: Oppert

SECONDED: Brockway

DISCUSSION: Allenwood suggested amending the motion to include "for the purpose of setting rates and fees for Tuesday, March 1, 2016 identified as Scenario 3".

Oppert agreed to the amended motion.

Brockway re-seconded the amended motion.

MODS: As amended.

VOTE: 5 for, 0 opposed; the motion carried.

Bolduc suggested a second motion be made to approve all rates for Scenario 3.

A motion was made to approve the Equity Buy-In Fee rate schedule proposed for 2016 as presented.

MOVED: Brockway

Price suggested amending the motion to include "all of the impact fees".

Brockway agreed to the amended motion.

SECONDED: Oppert

DISCUSSION: None.

MODS: As amended.

VOTE: 5 for, 0 opposed; the motion carried.

Price moved to the next agenda item.

Agenda Item #4: Other business...

Manager's Report for February 2016

Bolduc provided a summary of selected items from the Manager's Report as detailed in Attachment #3 (Manager's Report for February 2016), of the February, 2016 Trustee's Packet. His comments included the following topics and highlights:

- Financial and Administrative:
 - The auditors reviewed KSD with all questions being answered;
 - No outstanding issues;
 - Progress is being made on the revised accounting procedures.

- GIS:
 - Work has begun to familiarize employees with processing various forms using their tablets; and
 - Work with consultant Ray **Costin** has progressed to the point of being able to put the GIS on the KSD Web Site.

- Insurance Issues:
 - The berm will not mitigate flood insurance premiums.

- Personnel Issues:
 - Ian Carter is enrolled in the Management Training course through JETCC; and
 - The Teamsters have notified us that the union contract will expire at the end of 2016.

- Equipment Issues:
 - The sodium hypochlorite tanks have been ordered.

- Operational Issues:
 - The plant is running well;
 - KSD is in the process of renewing the NPDES license scheduled to expire in September, 2016.

- Fuel Bids:
 - Estimates for our 2017 fuel use were supplied to Maine Power Options (MPO);
 - Current contracts with CN Brown end in April;
 - New contracts with MPO will begin in June; and
 - KSD will go out to bid with MPO for next season.

- Collection Systems:
 - Sewer Backup at Brown Street
 - ✓ **Bolduc** provided the following explanation:
 - The alarm at the Brown Street pumping station was turned off to demonstrate the battery backup system;
 - The alarm never went off;
 - Personnel didn't respond because they didn't have any alarm;
 - Sewage backed up into a resident's basement; and
 - Clean up cost was \$5,000 which was taken from the operational fund.

- Safety:
 - Safety training was conducted this month;
 - New equipment procured as part of the Capital Improvement Program included:
 - ✓ A new generator for the KSD safety trailer;
 - ✓ A new self-retracting lifeline for fall protection; and
 - ✓ Davit arms for the pump stations.

- 2016 Capital Improvement Projects:
 - WWTF Design
 - ✓ The design project is underway.
 - Doanes, Beach, and Grove
 - ✓ Some work was completed on Grove Street; and
 - ✓ The project has been shut down for the winter until the water bypass work can be accomplished in the spring.
 - Plant upgrade
 - ✓ KSD will be looking at the Mousam River Model Report from 2005.
 - Brown Street
 - ✓ The Brown Street Pumping Station design work has begun.

- WWTF Design
 - ✓ Returning to the WWTF Design topic on page 14, **Bolduc** asked **Allenwood** for a summary of the Underwood Engineers Peer Review conducted by Brown & Caldwell on January 11 – 13. **Allenwood** provided the following report:
 - A marked up review copy of the design document was given to Underwood Engineers for correction;
 - Brown & Caldwell has significant concerns with the SBR (Sequencing Batch Reactor) design;
 - The small KSD site size dictated an SBR design with very little excess flow rate capacity;
 - Brown & Caldwell proposed a modular Activated Sludge facility which will provide better future flexibility;
 - The B&C proposed design report should be ready to present to Underwood Engineers by the end of February;
 - Suggestions to Underwood Engineers also included:
 - Developing a Preliminary Design Report; and
 - Illustrating the new proposed “Head Works”.

Brockway asked if the B&C proposed modular Activated Sludge design will be more expensive than the SBR design.

Allenwood responded that the Underwood Engineers SBR design was already \$4 million over budget. The B&C proposed modular Activated Sludge design is projected to cost \$6 million less, with an overall targeted cost of \$18 million, which translated to a cost savings of \$2 million for the original \$20 million project.

Realizing that a finalized design must come before a time line can be established; **Brockway** asked when work might begin on a time line.

Bolduc speculated that May, 2016 would be a reasonable guess.

Allenwood agreed, but added that the Preliminary Design Report will take 2 to 3 months to complete.

Continuing with the Manager’s Report, **Bolduc** provided a summary of the following topics and highlights:

- K&E Building
 - ✓ The tenants are going to extend their lease until June 30.

Newspaper Article

Bolduc provided a summary of the newspaper article provided to the Board in the February, 2016 Trustee's Packet. His statement at the Town Selectmen Meeting that “*KSD has not made any decision regarding the referendum*” was interpreted as “*KSD may or may not go out for a referendum*”, which generated the news article.

Bolduc suggested a response to the article might be a written statement to be included in the rate notice that is due to be mailed on March 8.

A discussion developed regarding possible responses and strategies to the newspaper article, highlights included:

- A response might include the impact to the mil rate compared with all utilities, the Town, and schools (**Brockway**);
- Develop a strategy with hard facts and numbers to back it up, such as the small portion \$30,000 represents out of \$2.5 million (**Brockway**);
- Do nothing now, but figure out how a referendum might come up (**Price**); and
- Express in no uncertain terms that an expansion is not desirable or encouraged (**Brockway**).

Regarding expansion, **Branchina** asked how much of the remaining 250 home capacity will be eliminated by the addition of the Hampton Inn.

Bolduc estimated that the capacity would be reduced by approximately 30 homes, leaving capacity at 220 homes.

Price noted that the plant upgrade is not an expansion. It doesn’t allow for more growth, it allows the WWTF to account for the growth that KSD originally accounted for that has been removed because the allowable BOD level

has changed. The plant was originally designed to serve the district; and the license changes removed that capacity. The plant upgrade is not an expansion, rather an effort to get back the capacity it once had.

Branchina asked what the capacity would be, after the upgrade, in terms of homes.

Allenwood estimated that the increased capacity would be able to accommodate a growth of 3100 additional homes.

Tickler List of Carryover Items

Price requested a method be developed to list dated carryover agenda items, including new and old business, using either the agenda or minutes format. The items will remain on the list until the Board decides to remove them.

A discussion developed addressing various ideas for a tickler list, topics included:

- A list be created at the end of the minutes (**Allenwood**);
- A giant white board posted in the meeting room (**Allenwood**);
- An outline of issues, follow up date, topic (**Branchina**);
- A time line (**Brockway**);
- An app (**Allenwood**); and
- A computer program (**Oppert**).

Price moved to the next agenda item.

Agenda Item #5: Adjournment

There being no further business to come before the Board at this time **Price** asked for a motion to adjourn.

A motion was made to adjourn the meeting at 9:07 p.m.

MOVED: Oppert

SECONDED: Brockway

DISCUSSION: None

VOTE: 5 for, 0 opposed; the motion carried.

James A. Oppert, Clerk _____

Date Signed _____