

**BRUNSWICK SEWER DISTRICT**  
**Board of Trustees Regular Monthly Meeting**  
**16 February 2010**  
**Approved Minutes**

**Call to Order**

The regular monthly meeting of the Board of Trustees of the Brunswick Sewer District was called to order by Chair Priest at 6:34 p.m. on Tuesday, 16 February 2010, in the conference room at District offices. Notice of the meeting was advertised in the 12 February 2010 edition of the *TIMES RECORD*. A prepared agenda was noted and the meeting was recorded.

Members present: Chair Priest, Trustees Boochever, Green, and Schwindt.

Members absent: Trustee Barbour, traveling out-of-state.

Others present: General Manager McVey, Assistant General Manager Blanchette, Finance Manager Nuttelman; Deborah L. Gallant, D. Gallant Management Associates (6:54-7:15 p.m.); Douglas Richmond, Merrymeeting Rowing Club (7:32-8:16 p.m.); camera operator Hedy Blauvelt.

**Minutes of Previous Meeting(s)**

The Trustees reviewed minutes of the 14 January 2010 regular Board meeting.

*IT WAS MOVED BY TRUSTEE BOOCHEVER, SECONDED BY TRUSTEE GREEN, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ACCEPT AS AMENDED MINUTES OF THE 14 JANUARY 2010 REGULAR MEETING OF THE BOARD OF TRUSTEES.*

**Public Comment**

No members of the public were present. It was noted there has been no public comment.

**Treasurer's Report**

Financial: Board Treasurer Green reported that he has examined a complete set of unaudited financial statements at 31 January 2010, prepared by District staff. With limited data available year to date and the minimal billing that occurs in the first month of each quarter, meaningful conclusions are difficult. A copy of the Variance Analysis was adopted by reference and is to be included in minutes of the meeting. The Trustees reviewed reported operating revenues and non-operating revenue related to re-financing of a bond issue and interest earnings year to date.

Disbursements: Weekly reports on disbursements for the preceding month were inadvertently omitted from the materials package provided to each Trustee prior to the meeting. Trustee review was deferred pending receipt of the reports. The General Manager reported that payroll and payables disbursements have been issued on consecutively numbered instruments, and all vendors receiving payment were identified. Weekly warrants for general disbursements have been reviewed and signed by the General Manager. Disbursements unusual in amount or purpose were discussed.

**Succession Planning**

Deborah L. Gallant, SPHR, CCP of D. Gallant Management Associates of Portland, Maine joined the meeting. At her request and with the concurrence of the Chair,

*IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE BOOCHEVER, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ENTER EXECUTIVE SESSION AT 7:01 P.M. FOR DISCUSSION OF A PERSONNEL MATTER CONSISTENT WITH M.R.S.A. TITLE 1, CHAPTER 13.1.405.6.A.*

The meeting returned from executive session for discussion of a personnel matter. No action was taken during the executive session, nor any consequent to it. The Trustees thanked Ms. Gallant for her assistance and she left the meeting at 7:15 p.m.

**Monthly Report of Operations**

Total flow to the Treatment Plant for January 2010 was 84.648 mg, down approximately 17% from the previous month. Flows of 12.2 and 6.8 mg for the month originated with Topsham and the Navy Base, respectively. Average daily flow for the period was 2.71 mgd, 70% of that allowed by permit. Maximum daily flow processed was 4.32 mg, which occurred on 26 January 2010. Rainfall for the month totaled 3.3 inches, with a daily maximum of 1.8 inches on 25 January 2010.

Septage receiving for the period totaled just 16,250 gallons, down 53% from the previous month and reflecting the season. Removal rates for BOD and TSS for the period were 90.3% and 87.6%, respectively, in compliance with the minimum 85% required for each parameter by permit. A total of 118 cy of sludge was produced and trucked for future land application. There were no bypasses or spills, all flow to the plant received full treatment, and all permit requirements were met.

**Annual Report of Treatment Operations**

Copies of the Annual Report of Treatment Operations for 2009 were inserted in the Documents Handbooks for use by the Trustees.

**Acceptance of Constructed Wastewater Facilities: Parkview Estates**

The Trustees considered a request by developer Frank Goodwin for acceptance by the District of sanitary sewer facilities serving the Parkview VI Subdivision. Details of the request are contained in the developer's letter dated 04 February 2010. The facilities include approximately 2,100 lf of sanitary sewers and 12 associated maintenance holes installed along Cushnoc Lane, Schoduk Lane, and Amoskegan Drive.

The Assistant General Manager reported that sewers were designed and constructed to District standards, that the work was inspected at time of construction by District personnel, and that recent inspection of the facilities by the District found the lines and maintenance holes to be all in order.

The Trustees discussed the request. During an extended period of operation by the District, no difficulties have been encountered with the facilities. District Rules & Regulations cite the District as the appropriate entity to own and operate facilities located in the public way. At the conclusion of Trustee discussion, the General Manager recommended that the Board consider the following resolution, which was read into the record.

*FACILITIES ACCEPTANCE RESOLUTION.  
PARKVIEW ESTATES VI  
BRUNSWICK, MAINE.*

*FEBRUARY 16, 2010*

WHEREAS Parkview Realty, Inc., of Brunswick, Maine, has constructed and is owner of sanitary sewer facilities located within the right-of-ways of Cushnoc Lane, Schoduk Lane, and Amoskegan Drive, collectively known as Parkview Estates VI Subdivision, all in the Town of Brunswick, Maine; which facilities comprise approximately 2,059 feet of 8-inch-diameter sewer lines and twelve (12) maintenance holes; and

WHEREAS Parkview Realty, Inc., of Brunswick, Maine, has expressed its desire to effect a transfer of ownership of these sanitary sewer facilities from Parkview Realty, Inc., to the Brunswick Sewer District, all as more particularly described in a letter request by Parkview Realty, Inc., president Frank Goodwin, dated 04 February 2010 and on file at Brunswick Sewer District offices; and

WHEREAS the Brunswick Sewer District is the appropriate entity to own, operate, and maintain said sanitary sewer facilities;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the Brunswick Sewer District does hereby accept ownership of the sanitary sewer facilities hereinabove described.

Following discussion,

*IT WAS MOVED BY TRUSTEE BOOCHEVER, SECONDED BY TRUSTEE GREEN, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ADOPT THE FACILITIES ACCEPTANCE RESOLUTION FOR PARKVIEW ESTATES VI SUBDIVISION DATED 16 FEBRUARY 2010.*

**Water Street Pump Station: Proposed Boathouse**

Douglas Richmond, representing Merrymeeting Rowing Club, joined the meeting. Chair Priest excused himself from this portion of the meeting due to a possible conflict of interest by association, relinquished control of the meeting to Vice Chair Boochever, and left the premises. Trustee Schwindt identified himself as a client of Mr. Richmond's architectural design practice. It was consensus of Trustees Boochever and Green that this fact did not constitute either a conflict of interest or a perceived conflict.

The Trustees reviewed a resolution suggested for use in the event the Board desires give preliminary endorsement to an attempt by the Rowing Club to secure financing and permitting for the project. The Club has requested such an endorsement in a letter dated 05 February 2010. The letter contains revisions to accommodate points made in earlier discussion, including the requirement that the Club maintain its not-for-profit status, possible survey of the property, and Club responsibility for project development costs.

Further discussion raised the issues of insurance and indemnification, and means by which the District might ensure its right to possible future use of the property in the event it becomes necessary to do so. Trustee Boochever has discussed these issues with District legal counsel. She noted that the question of use of District property by another entity is some-

what analogous to current leasing of District property to the Brunswick Recreation Department. At Trustee Boochever's request, Mr. Richmond agreed to provide additional information on not-for-profit organization, community benefit, and an outline of a funding plan. At the conclusion of discussion,

*IT WAS MOVED BY TRUSTEE SCHWINDT, SECONDED BY TRUSTEE GREEN, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO TABLE CONSIDERATION OF A BOATHOUSE AT THE DISTRICT'S WATER STREET PUMP STATION SITE PENDING CONSIDERATION OF ADDITIONAL INFORMATION.*

The General Manager was directed to determine if further consultation with counsel is desirable and, if so, to arrange it for the March Board meeting. The Trustees thanked Mr. Richmond and he departed the meeting at 8:16 p.m.

### **Independent Audit of District Financial Operations at 31 December 2009**

Trustee Priest returned at 8:16 p.m. and accepted control of the meeting from Vice Chair Boochever. The Finance Manager reviewed draft reports of the audit of financial operations at 31 December 2009, performed by Runyon Kersteen Ouellette of South Portland, Maine, auditors to the District. Documents include the Auditors' Report to the Board of Trustees, Management's Discussion and Analysis, and Financial Statements at 31 December 2009 and 2008. The statements include reports on Net Assets, Revenues and Expenses, Changes in Net Assets, Cash Flows, and Notes on significant accounting policies for the audit period and the year prior.

The reports include the auditors' opinion that the financial statements present fairly, in all material respects, the financial position of the District at 31 December 2009, in conformity with generally accepted accounting principles. The value of District physical assets increased by \$2,641,000 in 2009, as a result of accepted facilities in the form of donated assets. Of more immediate concern is the fact that operating income in 2009 was down by \$164,000 in comparison with 2008. This came as a result of a \$61,000 reduction in operating revenue, a \$28,000 increase in operating expenses, and a \$75,000 increase in the allowance for depreciation. Interest earnings were also noted to be down by \$144,000. Financial reserves were down in 2009 by \$554,000.

The Trustees expressed their concern over conclusions revealed by the audited financial statements. The data indicates it is costing more to run the business of the District than is being taken in, and this situation is expected to continue for at least several years into the future. Trustee Boochever noted that, beyond concern with routinely increasing costs of doing business and the very serious concern warranted by the District's financial condition at the end of 2009, the District's financial situation is made even more precarious by the fact of operating revenue in decline, and likely to remain so, due to the state of the economy, simultaneous with impending closure of the Naval Air Station, which will serve to reduce revenues still further.

It was consensus of the Board members that the draft audited financial statements were satisfactory and staff was directed to have final statements and reports prepared for presentation at the March Board meeting.

**Financial Reserves**

The Trustees reviewed reports prepared by District staff on purposes and amounts as well as the history of District financial reserves. Financial reserves are based on guidelines provided by the Maine Municipal Bond Bank. The guidelines recommend reserves for debt service, capital projects and depreciation, and operations. The District has since 1998 maintained reserves for these categories, as well as a fourth reserve for the Entrance Charge Program.

Board members reviewed a report entitled Financial Reserves: Purposes & Amounts, prepared by District staff, and dated 16 February 2010. The report provides current and recommended reserves and amounts. The recommended reserve for debt service is taken from amortization schedules, based on the total principal and interest due for the coming year. District Rules & Regulations require allocation of Entrance Charge Program receipts to the Entrance Charge Program Reserve for facilities upgrades due to growth.

The reserve for capital projects and depreciation is intended to provide resources for routine and emergency replacement of operations facilities and equipment, essentially as recommended by the Bond Bank. The reserve for operations provides cash-flow in the event revenue for any reason cannot be collected and used to meet operating costs. This reserve has historically been considered in conjunction with the amount on deposit in the disbursement checking account.

The Trustees reiterated their concern with the financial condition of the District at the end of 2009 and entering a period of extended financial uncertainty. It was noted that the reduction of financial reserve amounts seen in 2009 and expected to continue in 2010 and beyond creates a situation wherein there are substantially fewer resources available to respond in the event of an emergency, the reduced financial reserve amounts yields significantly reduced interest earnings, and overall the District’s financial condition is noticeably less attractive to lenders should borrowing be necessary. The General Manager reminded the Trustees that the District Charter does not allow negotiation of a commercial loan typically available to a business.

Staff is recommending that financial reserves at 31 December 2009 be set at \$2,846,000 down from \$3,394,000 one year earlier. Activities planned in 2010 foresee a further reduction of \$1,035,000 in reserves by the end of 2010. Following discussion,

*IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE BOOCHEVER, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO SET DISTRICT FINANCIAL RESERVES AT 31 DECEMBER 2009 AS FOLLOWS, IN ACCORDANCE WITH THE REPORT TITLED “FINANCIAL RESERVES, PURPOSE AND AMOUNTS”, DATED 16 FEBRUARY 2010, AND WITH INDICATIONS OF AUDITED FINANCIAL STATEMENTS AT THE SAME DATE:*

<u>RESERVE PURPOSE</u>	<u>AMOUNT</u>
DEBT SERVICE.....	\$ 927,000
ENTRANCE CHARGE PROGRAM.....	1,064,897
CAPITAL PROJECTS & DEPRECIATION.....	641,000
OPERATIONS.....	213,000

The Finance Manager will direct the Auditors to make requested changes to reserve amounts listed in the financial statements for presentation at the March Board meeting.

Chair Priest declared the meeting in recess from 8:57 p.m. to 9:07 p.m.

### **Bond Authorization: 2009**

In accordance with the procedure specified in the District Charter, the Board in March 2009 authorized the issuance of bonds, proceeds of which were planned to be used on several capital improvement projects. When supplemental funding support under the federal economic stimulus program failed to materialize, these projects were shelved pending possible future funding opportunities. With it now clear that there will be no funding opportunities in the foreseeable future, District staff is now conferring with Bond Counsel regarding the appropriate means to affirmatively rescind the earlier authorizations. Counsel will provide language of Board action for consideration at the March regular meeting.

### **Pharmaceuticals Collection & Disposal**

The Trustees considered the efforts of a collaborative group working locally and statewide to collect and properly dispose of unwanted pharmaceutical products. The Midcoast Medication Collection Project is attempting to alter the current practice, now widely held, that the most appropriate means for disposal of unwanted pharmaceutical products is flushing to the local sanitary sewer system. This practice, combined with the presence of residual pharmaceutical compounds in human waste, has resulted in the presence of detectable amounts of these compounds in aquatic life in wastewater treatment plant receiving waters. To the extent that these unwanted materials can be collected and kept from sewer systems, the wastewater systems and the environment benefit.

In 2009 the District budgeted and disbursed \$2,000 as a contribution toward the group's documented costs of proper collection and disposal. While similar support has not been budgeted in 2010, a request for continued support has been received. Following discussion, it was consensus of the Board members that the group's efforts are of significant benefit to the District and the community, and that this support be continued in 2010.

### **Staffing**

The General Manager informed the Trustees of his plan to fill two currently vacant senior operator positions, one in each of the Collection & Pumping and Treatment Operations Divisions. Advertisement will be done internally and selection, if suitable candidates can be identified, will be made from current staff. The District organization structure will remain essentially unchanged. Allowance for associated increases in cost has been budgeted.

### **Review Schedule of Rates**

The Trustees returned to their discussion of user rates. The discussion incorporated conclusions from review of the draft audited financial statements at 31 December 2009 and from subsequent consideration of setting financial reserve amounts. The Trustees reiterated their concern over the financial condition of the District, both in the recently completed fiscal

year and in the year ahead. On the suggestion of the General Manager, it was consensus of the Board that the question be brought before the March regular meeting for further consideration and possible action by the Board.

### **General Manager's Report**

A check for \$11,729 recognizing energy-conservation measures implemented by the District has been received from Efficiency Maine. The project replaced an existing Treatment Plant air compressor using dated technology with a modern energy-efficient unit with advanced control systems. Total cost of the project was approximately \$36,000. Efficiency Maine is an arm of the Maine Public Utilities Commission, funded by set-asides from payments to electric power utilities.

The Assistant General Manager reported that construction to disconnect roof drains at 35 Union Street which discharge to sanitary sewers has been completed. The work was performed in conjunction with remodeling for occupancy by People Plus later this year. Formerly occupied by the School Department, the building is owned by the Town. The roof drain connection was a source of approximately \$600 per year in revenue.

The 2009 Annual Sludge Utilization Report prepared by the Assistant General Manager has been submitted to the United States Environmental Protection Agency. A similar report to the Maine Department of Environmental Protection is being prepared for submittal later this month.

### **Schedule of Upcoming Meetings, Events, etc.**

- |                    |        |               |           |
|--------------------|--------|---------------|-----------|
| • Trustees Regular | Monday | 15 March 2010 | 6:30 p.m. |
| • Trustees Regular | Monday | 12 April 2010 | 6:30 p.m. |
| • Trustees Regular | Monday | 17 May 2010   | 6:30 p.m. |

### **Remarks from the Chair**

Chair Priest thanked the Trustees for their assistance.

### **Adjournment**

There being no further business before the Board,

*IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE SCHWINDT, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ADJOURN THE MEETING AT 9:42 P.M.*

Attest:

Peter F. Schwindt  
Trustee Clerk, Board of Trustees