

BRUNSWICK SEWER DISTRICT
Board of Trustees Regular Monthly Meeting
15 March 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 5:36 p.m. on Monday, 15 March 2010, in the conference room at District offices. Notice of the meeting was advertised in the 12 March 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; Kathleen B. Tyson, CPA, Runyon Kersteen Ouellette (5:36-6:45 p.m.); Carol O'Donnell, 305 Maine Street, Brunswick (6:52-7:27 p.m.); camera operator Hedy Blauvelt.

Minutes of Previous Meeting(s)

The Trustees reviewed minutes of the 16 February 2010 regular Board meeting.

IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE BOOCHEVER, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ACCEPT AS AMENDED MINUTES OF THE 16 FEBRUARY 2010 REGULAR MEETING OF THE BOARD OF TRUSTEES.

Public Comment

No members of the public were present. There has been no public comment.

Report on Independent Audit of Financial Operations at 31 December 2009

Kathleen B. Tyson, CPA, of Runyon Kersteen Ouellette of South Portland, Maine, Auditors to the District, reported on the audit by her firm of District financial operations at 31 December 2009. She reviewed for the Trustees audit responsibilities, scope and timing of the audit, management representations, Management's Discussion and Analysis, and significant findings. The Auditors' opinion as a result of the audit is that the statements present fairly in all material respects the financial position of the District at the statement date.

Ms. Tyson briefly reviewed the financial statements and notes to the statements, as well as reports on internal control and compliance, noting that the audit revealed no matters involving internal control and no instances of non-compliance considered to be material weaknesses. The Management Discussion & Analysis, required by government auditing standards and prepared by District staff, comments on a number of business indicators. The audit was conducted in accordance with generally accepted accounting principles and auditing standards for governmental entities, and no difficulties were encountered.

Ms. Tyson next presented a series of reports graphically depicting performance indicators reported in the financial statements, including current assets, capital assets and long-term debt, current liabilities, revenues, expenses, net and capital assets, income by source, net income, and cash flows. Concluding her report, Ms. Tyson answered questions posed by the Trustees. Following discussion,

IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE SCHWINDT, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ADOPT THE AUDITED FINANCIAL STATEMENTS AND ACCOMPANYING REPORTS OF THE AUDITORS AT 31 DECEMBER 2009.

Executive Session

At the request of the General Manager,

IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE BOOCHEVER, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ENTER EXECUTIVE SESSION AT 6:30 P.M. SO THAT THE BOARD COULD DISCUSS A PERSONNEL MATTER UNDER M.R.S.A. TITLE 1, CHAPTER 13.405.6.A. WITH THE AUDITOR.

The meeting returned from executive session at 6:45 p.m. following discussion of a personnel matter. No action was taken during the executive session, nor any consequent to it. The Trustees thanked Ms. Tyson for her assistance, and she left the meeting at 6:46 p.m.

Treasurer's Report

Financial: Board Treasurer Green reported that he has examined a complete set of unaudited financial statements at 28 February 2010, prepared by District staff. The Trustees reviewed reported revenues and expenditures, noting that operating revenues are down approximately 2.8% relative to the budgeted amount. A copy of the Variance Analysis was adopted by reference and is to be included in minutes of the meeting.

Disbursements: The Trustees reviewed weekly reports on disbursements for the preceding month, querying staff regarding the purpose of a number of those listed. 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.

Commitments: *IT WAS MOVED BY TRUSTEE SCHWINDT, SECONDED BY TRUSTEE BOOCHEVER, AND VOTED BY THE TRUSTEES PRESENT, WITH THE TREASURER ABSTAINING, TO COMMIT TO THE TREASURER FOR COLLECTION RATES FOR THE PERIOD 01 APRIL 2010 THROUGH 30 JUNE 2010, IN ACCORDANCE WITH PROVISIONS OF THE DISTRICT CHARTER, BYLAWS, RULES & REGULATIONS, AND SCHEDULE OF RATES, AS COMPUTED AND SET FORTH IN THE ACCOUNTS ON FILE AT THE OFFICES OF THE BRUNSWICK SEWER DISTRICT.*

Petition for Relief from Sewer Use Billing: O'Donnell, 305 Maine Street

Carol O'Donnell was present to state her petition to the Board for relief from sewer use billing for property at 305 Maine Street. Details of the request were provided in a letter dated

14 February 2010. Sewer billing based on potable water consumption for the second, third, and fourth quarters of 2009 was noted to be very high, the result of extensive watering throughout the period of newly installed lawn. Ms. O'Donnell stated that there have been no changes in occupancy or use of the building during that time which might have produced an increase in potable water use, and that the water used for lawn irrigation was not returned to the sanitary sewer.

The Trustees considered the merits of the petition, reviewing the history of usage for the account as well as provisions of the District Adjustment Policy. Following discussion of the request and details of the situation leading to it,

IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE BOOCHEVER, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO AUTHORIZE AN ADJUSTMENT TO BILLING FOR THE SECOND, THIRD, AND FOURTH QUARTERS OF 2009 FOR SEWER USE AT 305 MAINE STREET UNDER ACCOUNT NUMBER 52426000001 TO QUARTERLY CONSUMPTION OF 1,300 CUBIC FEET, IN CONNECTION WITH AN EXTENSIVE LAWN WATERING DESCRIBED IN THE HOMEOWNER'S PETITION TO THE BOARD DATED 14 FEBRUARY 2010.

Ms. O'Donnell thanked the District Trustees and staff for their consideration and assistance, and she left the meeting at 7:27 p.m.

Bond Authorization: 2009

In accordance with the procedure specified in the District Charter, the Board in March 2009 authorized the issuance of new bonds, proceeds of which were to be used in support of several capital improvement projects. All requirements necessary to complete the issue were met at that time. In light of changes in economic and financial conditions, the General Manager has recommended against pursuing these projects at this time. District staff has conferred with bond counsel regarding the fact of an incomplete authorization, and counsel has provided language for a resolution to rescind the earlier Board action.

BRUNSWICK SEWER DISTRICT
Board of Trustees Resolution
Rescinding Prior Resolution Authorizing Sewer Bonds
In An Amount Not To Exceed \$2,250,000

WHEREAS, on March 16, 2009, the Board of Trustees of the Brunswick Sewer District (the "District") adopted resolutions (the "Prior Resolutions") authorizing and approving issuance of the District's bonds and temporary notes in anticipation thereof in an aggregate principal amount not to exceed \$2,250,000 (the "Bonds"), to finance the following improvements (the "Projects"):

- a. removal and replacement of sanitary sewer pipe along School, Franklin, Spring, Page, Pine, and Chamberlain Streets;
- b. replacement of sewer line maintenance equipment;
- c. replacement or acquisition of pump station emergency power and alarm equipment;
- d. design and construction of a vehicle and equipment storage building;
- e. replacement of a Treatment Plant heating boiler; and
- f. energy efficiency improvements to the Treatment Plant and Administrative Offices; and

WHEREAS the District anticipated that such financing would be accomplished through the State Revolving Fund of the Maine Municipal Bond Bank (the "Bond Bank") with funds provided to the Bond Bank through the American Recovery and Reinvestment Act of 2009 ("ARRA"); and

WHEREAS the Maine Department of Environmental Protection did not approve the Projects to be financed with such ARRA funds, and therefore the District will not now be proceeding with the Projects; and

WHEREAS, because the District will not be proceeding with the Projects, the Board of Trustees desires to rescind the Prior Resolutions and to cancel the authorization for the Bonds;

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of Trustees of the Brunswick Sewer District (the "Board") Assembled, as follows:

THAT the authorization to issue the Bonds be and hereby is cancelled and that the Prior Resolutions be and hereby are rescinded in full and shall be of no further force or effect; and

THAT such action of the Board of Trustees shall in no way limit, restrict, or impair the Board in authorizing such Projects, or some of them, and issuance of the District's bonds therefor in the future.

The Trustees considered the resolution. The General Manager recommended its adoption. Following discussion,

IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE BOOCHEVER, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ADOPT THE RESOLUTION RESCINDING PRIOR RESOLUTION AUTHORIZING SEWER BONDS IN AN AMOUNT NOT TO EXCEED \$2,250,000.

Monthly Report of Operations

Total flow to the Treatment Plant for February 2010 was 79.174 mg, down approximately 6% from the previous month and up 23% from the prior year. Flows of 11.9 and 6.0 mg for the month originated with Topsham and the Navy Base, respectively. Average daily flow for the period was 2.83 mgd, 73% of that allowed by permit. Maximum daily flow processed was 6.73 mg, which occurred on 26 February 2010. Rainfall for the month totaled 6.7 inches, with a daily maximum of 4.2 inches on 25 February 2010.

Septage receiving for the period totaled just 25,250 gallons, down 55% from the previous month and reflecting the season. Removal rates for BOD and TSS for the period were 92.2% and 91.3%, respectively, in compliance with the minimum 85% required for each parameter by permit. A total of 120 cy of sludge was produced and trucked for processing by commercial composting facilities. There were no bypasses or spills, all flow to the plant received full treatment, and all permit requirements were met.

Wage & Benefits Plan: Proposed Classification Plan Modifications

The Trustees considered a change in the classification of District employment positions under the Wage & Benefits Plan. The change proposed by the General Manager, with the con-

currence of the Assistant General Manager, seeks to re-assign the Collection & Pumping Division Supervisor position from its current listing on grade 4 of the wage matrix to grade 5. The General Manager reported that the reassignment recognizes changes in responsibilities of the position. He also noted that the reassignment would not result in a wage change for the employee occupying the position.

Following discussion, it was consensus of the Board that the General Manager proceed with the proposed change as presented.

Review Schedule of Rates

The Trustees returned to their discussion of user rates. Conclusions reached in reviewing audited financial statements and financial reserves were considered. Discussion included a summary of audited financial data, historical and projected financial reserves, elements of the operating revenue stream, planned 2010 operations, and indications of the five-year comprehensive financial projection. Currently and extending over the next several years, the District is faced with all of the difficulties now associated with the national economy, and in addition must respond to changes already underway as a result of closure of the Naval Air Station. The Trustees concluded from their review of this information that there is a serious problem with the availability of current and projected operating revenues to meet recognized obligations of the District.

A number of tools available to address the need for additional resources were then discussed. After considering cost controls, rate structure redesign, rate change, borrowing, and modification of the District user base, the Trustees concluded that a plan incorporating aggressive cost control and a change in the user rates is most appropriate to the situation faced by the District.

After reviewing the rate-change process, which included provisions of the District Charter, conventional rate-setting methodology, and process tasks and typical time requirements, the Trustees took up determination of a proposed user rate. They considered the current Schedule of Rates, a history of District user rates in comparison with the consumer price index, projected yield of a unit rate change, a survey of user rate charges by entities statewide, typical monthly costs for various utility services in Maine, and projected impacts of several rate change scenarios.

At the conclusion of their discussion,

IT WAS MOVED BY TRUSTEE PRIEST AND SECONDED BY TRUSTEE SCHWINDT TO AUTHORIZE DISTRICT STAFF TO ENTER THE RATE-CHANGE PROCESS FOR A PROPOSED INCREASE OF APPROXIMATELY 5%, WITH ALLOWANCE FOR CONVENIENCE OF USER CHARGE CALCULATION AND PAYMENT. TRUSTEES PRIEST, BOOCHEVER, AND SCHWINDT VOTED IN FAVOR OF THE MOTION; TRUSTEE GREEN WAS OPPOSED. THE MOTION TO ENTER THE RATE-CHANGE PROCESS PASSED.

Trustee Green noted his opposition to the motion is based in the fact that he favors a 10% rate increase.

Chair Priest declared the meeting in recess from 9:20 p.m. to 9:27 p.m.

Succession Planning

Chair Priest reported that the search for a new General Manager is proceeding as planned. Interviews with candidates for the position will be held in the coming month.

General Manager's Report

The Assistant General Manager has prepared and submitted the 2010 annual Sludge Utilization Report to the Maine Department of Environmental Protection.

A representative of the Maine Department of Environmental Protection performed the annual inspection of District operations facilities on 09 February 2010. All of the inspected facilities were found to be in good order.

District Collection & Pumping Division staff is conducting visual inspection of sanitary sewers along streets scheduled to be paved during the coming season by the Town of Brunswick to determine if repairs to lines are required prior to paving.

Schedule of Upcoming Meetings, Events, etc.

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| • | Trustees Regular | Monday | 12 April 2010 | 6:30 p.m. |
| • | Trustees Regular | Monday | 10 May 2010 | 6:30 p.m. |
| • | Trustees Regular | Monday | 14 June 2010 | 6:30 p.m. |

Remarks from the Chair

Chair Priest thanked the Trustees for their time and assistance.

Adjournment

There being no further business before the Board,

IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE BOOCHEVER, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ADJOURN THE MEETING AT 9:35 P.M.

Attest:

Peter F. Schwindt
Trustee Clerk, Board of Trustees