

BRUNSWICK SEWER DISTRICT
Board of Trustees Regular Monthly Meeting
19 November 2012

Approved Minutes

Call to Order

The regular monthly meeting of the Board of Trustees of the Brunswick Sewer District was called to order by General Manager Blanchette at 7:05 pm on Thursday, 19 November 2012, in the conference room at Building #27, 8 Ventura Boulevard, Brunswick Landing, Brunswick, Maine. A prepared agenda was noted and the meeting was recorded.

Members present: Chair Priest, Trustees Green, Harvey, Sartoris and Barbour.

Others present: General Manager (GM) Blanchette, Assistant General Manager (AGM) Pontau, Finance Manager (FM) Caron, Camera Operator Madison Brownne, and Mrs. Bonnie Shippen (Minutes).

Meeting Advertisement

The meeting was advertised in the Friday, 09 November 2012, edition of the *Times Record*.

Public Comment

1. GM Blanchette noted Mr. Edward Ward submitted a letter to the Editor in the *Times Record* regarding notifying the District when doing outside watering. GM Blanchette noted Mr. Ward had come into the District offices inquiring about his high sewer bill. He noted he had been doing outside watering and wasn't aware he needed to contact the District yearly. Ms. Dutton applied a credit to his invoice, and Mr. Ward paid the bill. We have not heard anything further from Mr. Ward.
2. GM Blanchette received a request from the homeowner at 5 Sumac Drive seeking an adjustment for possibly two quarters due to a hose caddy leak. Ms. Dutton as granted an adjustment per the District's policy. GM Blanchette expects that the owner may request an additional adjustment and this may be on December's agenda.
3. GM Blanchette noted he has received a request from the homeowner at 3 Magnolia Lane seeking to petition the Board for an additional adjustment to their third quarter sewer bill. This is an agenda item for this meeting.

Minutes of Previous Meeting

The Trustees reviewed the minutes of the 18 October 2012 Regular Board meeting.

IT WAS MOVED BY TRUSTEE BARBOUR, SECONDED BY TRUSTEE GREEN, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT, (5-0) TO ACCEPT THE MINUTES OF

THE 18 OCTOBER 2012 REGULAR MEETING OF THE BOARD OF TRUSTEES, WITH MINOR CHANGES NOTED.

The Trustees reviewed the minutes of the 01 November 2012 Annual Budget meeting.

IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE SARTORIS, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT, (5-0) TO ACCEPT THE MINUTES OF THE 01 NOVEMBER 2012 ANNUAL BUDGET MEETING OF THE BOARD OF TRUSTEES, WITH MINOR CHANGES NOTED.

Treasurer's Report

Trustee Green requested FM Caron explain to the Board the loss noted in the non-billing revenue. FM Caron noted that when the District disposed of the Admin Building there was a \$224,000 loss due to the write off of the remaining depreciable life of the building. She noted the new Admin building will have a breakdown of the depreciation life, (roof, fixtures, furnace) instead of lumping the depreciation of the building as a whole. Trustee Harvey questioned if FM Caron has been working with the District's Accountants. FM Caron noted she had and that Tim from RKO will be coming into the District offices to go over assets.

Trustee Green requested FM Caron add a column in the Variance Analysis to list the recommended amount for reserves.

Financial: Trustee Green noted that the District's billing revenue was ahead of budgeted amounts and non-billing revenue noted a \$204,000 loss due to the write off of the Admin building.

Receivables: Trustee Green noted receivables are high, which he believes it is due to the billing cycle. Liens continue to be steady at \$700, which is one customer.

Forecasted vs. Actual Revenue: Trustee Green noted that residential revenue and commercial revenue was above forecasted. Brunswick Landing is approximately \$22,700 below forecasted. Topsham Sewer District is approximately \$64,300 above forecasted. Catch basins are approximately \$2,600 below projection and septage revenue is above projection by approximately \$160. Trustee Green noted overall operating revenue is ahead by just under \$86,000. FM Caron noted that McKean Street was purchased by George Schott, which was part of Brunswick Landing. That property has since been individually metered and the revenue going forward will be posted under residential. She also noted that Topsham Sewer District Bonds have been paid off, therefore resulting in an empty line item. Trustee Sartoris questioned what happens to revenue if it is a zero-based budget? FM Caron noted that any revenue would be transferred to reserves and if there is a loss then funds come out of reserves to balance the budget.

Trustee Green noted Operations, Maintenance, and General Expenses are on target at approximately 19% of the budget remaining.

Capital Budget & Expenditure Report: AGM Pontau noted that there will be approximately \$70,000 remaining in the budget for sewer line reinforcement due to the employees doing the work instead of hiring subcontractors. Therefore, this came under general expense and not capital. He also noted there will be remaining funds on the MacMillan Drive project as he is still researching the I&I problem. The Admin building will be 95% complete by the end of 2012 and the Arc Study and Catwalk have both been

completed under budget. FM Caron also noted that she spoke with Tim at RKO and was told that the moving expenses and rental property cannot be capitalized under the project. Therefore, miscellaneous expense is over budget. Chair Priest requested a copy of the expenses involved with the move for the next meeting.

Warrants: The weekly warrants were distributed to the Board for their review. The Trustees reviewed the weekly warrants on disbursements for the preceding month, querying staff regarding the purpose of a number of those listed. Weekly warrants from general disbursements have been reviewed and signed by the General Manager. Disbursements unusual in amount or purpose were discussed. GM Blanchette noted that all checks for disbursement and payroll were on consecutively numbered instruments, and consecutive from the previous month.

The Board questioned line items Chemquest and Cardmember Services. GM Blanchette noted Chemquest was for defoamer used to clean up the AFFF (aircraft fire fighting foam) spill at MRRA, for which MRRA reimbursed the District. It was requested that the line item for the credit card charges be broken down by employee with more detailed descriptions.

GM Blanchette distributed to the Board a copy of the loan agreement for the Admin Building construction. He noted the annual interest rate starts at approximately 2.1% and ends at 2.4% during the 10-year loan term.

Lien Mature: 11 Cedar Street – Disposition of Property

GM Blanchette noted that one of several liens the District has on the property at 11 Cedar Street will mature on Sunday, 18 November 2012. At that time the District will then own the property as it is an automatic foreclosing lien and title transfers to the District. Ms. True has notified the owner but has had no response. The District has made arrangements with MMA to carry insurance on the property. GM Blanchette noted should the homeowner choose not to pay, the Board will need to discuss how to dispose of the property.

GM Blanchette distributed to the Board the *Policy on Lien-Acquired Property* last updated 20 August 2009. He noted that Ms. True followed all the steps required, and with no response from the homeowner, foreclosure is the next step. The Board discussed the matter and recommended the District change their policy to provide information monthly and keep the Board up to date when liens are placed on property. GM Blanchette noted that FM Caron, Ms. True and himself met with the District's attorney to discuss the matter. GM Blanchette noted no action was needed and he would keep the Board informed.

Monthly Report of Treatment Operations

AGM Pontau reported that the total flow to the treatment plant for October 2012 was 50.7 MG, up approximately 8% from the previous month and down 24% from this time last year. Flows of 8.5 MG and 2.8 MG for the month originated with Topsham and Brunswick Landing, respectively. Average daily flow for the period was 1.67 MG, or 40% of that allowed by permit. Maximum daily flow processed was 2.4 MG, on 31 October 2012. Precipitation for the month totaled 4.61", with a daily maximum of 0.86" on 30 October 2012.

Septage receiving for the period totaled 179,250 GAL, down approximately 8% from the previous month. Removal rates for BOD and TSS for the period were 96.3% and 95.8%,

respectively, in compliance with the minimum 85% required for each parameter by permit. A total of 184 CY of sludge was produced. All the plant systems were working and there were no bypasses or spills, and all flow to the plant received full treatment.

Trustee Sartoris noted that all Coastal Protection Zone homeowners are required to pump their septic tank every 3 years and questioned if this was being enforced. AGM Pontau noted that although this would be additional revenue, he is not aware of any way to enforce it. Staff will check with the Codes Enforcement Office to determine the status of the program.

Petition for Relief of Sewer Use Billing, Johnston, 3 Magnolia Lane

GM Blanchette noted Mr. Johnston came to us when he received his invoice for usage of 17,300 cubic feet when it is normally in the 1,800 – 1,900 cubic feet range. Mr. Johnston noted he had substantial outside watering this summer due to new landscaping around his home. As per our policy, his bill has been reduced by one-half to 8,700 cubic feet. Due to the substantial watering that occurs, staff will recommend to Mr. Johnston that he purchase a sub-meter to monitor actual usage, and we can then discount all of the outside watering.

GM Blanchette noted it is staff's recommendation to not grant any further adjustment as the adjustment policy has already been applied.

IT WAS MOVED BY TRUSTEE BARBOUR, SECONDED BY TRUSTEE GREEN, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT (5-0) TO DENY RELIEF OF SEWER USE BILLING TO MR. KURT JOHNSTON AT 3 MAGNOLIA LANE.

Rate Review Discussion

GM Blanchette noted as part of the preparation for a possible rate increase he distributed to the Board a chart representing the rate history of the District compared to rates of the consumer price index (CPI). Maine Rural Water Association conducted their last state-wide rate survey in 2008 and GM Blanchette hopes to have the updated 2012 survey for the December Board meeting.

GM Blanchette noted the Budget developed for 2013 includes a 6% user rate increase. He noted if the Board chooses to pass the budget, this does not automatically pass a rate increase. GM Blanchette noted the Charter requires a separate process that includes notifying all ratepayers of an increase and holding a public hearing. The goal is to implement the rate increase by April, 2013. It was the opinion of Trustee Sartoris that the 2013 Budget should not include the rate increase until it has passed. GM Blanchette noted the process is usually done at the same time. The rate increase still has a process to go through before implementation in April 2013 and the 2013 budget has to be approved before 31 December 2012. He noted if the Board passes the budget as is and the rate increase does not go through, adjustments will be made to reduce the budget accordingly.

After much discussion by the Board, Trustee Green noted that he trusted the District staff to present a fair budget and requesting a 6% increase is reasonable. He requested the Board pass the budget as it stands.

Health Insurance Discussion

GM Blanchette noted Trustee Sartoris requested information on our health insurance plan. He distributed to the Board the current insurance carrier, cost from the past 5 years, employee cost information and comparison of other Town and Sewer Districts. GM Blanchette noted all 18 employees are currently on the District's insurance plan, which is through Maine Municipal Association (MMA), and the District currently covers 100% of the premium for the employee and their families.

Trustee Sartoris noted it was unusual in this economy for any employer to pay 100% of the premium for dependent coverage and proposes 100% coverage for employee and 85/15 split for dependents. GM Blanchette noted that there are other policies with higher deductibles that the District could look into to lower the cost. He also noted that this benefit has been used as a recruiting tool to bring in and keep excellent employees, noting the longevity of the current employees. The District and the employees work hard to cut other expenses to pay for this benefit.

Chair Priest noted he would like to see what the financial impact would be on the employee's if they are required to pay a percentage of the insurance cost. GM Blanchette noted he would have information for the December meeting.

Adoption of Proposed 2013 Operations Budget

GM Blanchette presented the proposed 2013 Operations Budget for approval. He noted that the budget has been developed based on obtaining a 6% user rate increase effective 01 April 2013. GM Blanchette noted again that the adoption of the budget is not an adoption of any rate increase. This will require a separate process and adoption as noted in the Charter.

Trustee Green noted that the reserves are low and it is his opinion that the budget, as it stands should be passed and the process should be started to implement a 6% user rate increase as noted. Trustee Green also stated he would like to see \$56,000 added to the budget to replenish reserves that were expended on the administration building. Trustee Sartoris noted she was uncomfortable with adopting a budget that is dependent on a rate increase. After much discussion it was agreed to pass the budget with a noted contingency.

IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE SARTORIS, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT (5-0) TO ADOPT THE 2013 BUDGET AS PROPOSED WITH THE ADDITION OF \$56,000 TO BE ADDED TO CAPITAL RESERVES AND A RATE INCREASE OF 6%.

Finance Manager's Report

- October Credit Card Payment: FM Caron noted 53 payments were received during the month of October bringing in just under \$4,000. The estimate of users from the survey completed was approximately 60 customers and she is pleased to see it is about there.
- Bond Issuance Compliance Procedures: FM Caron noted that Bond Agreement requires us to develop a Bond Issuance Compliance Procedures policy, and she will be working on that to bring to the Board in the near future. A policy needs to be in place to cover for example if we choose to rent out the conference area of the new Admin Building. With a Bond on the building, the rental fee will not be tax exempt revenue.

- Billing Process Discussion with BTWD & TSD: FM Caron noted senior staff will be meeting with BTWD & TSD on 04 December 2012 for further discussions regarding the possibility of having the water district perform our billing operations.
- Meeting with RKO: FM Caron noted she will be meeting with Tim from RKO on Tuesday 27 November 2012 to work on updating and consolidating the fixed assets.

Assistant General Manager's Report

- Administrative Office Building Project Update: AGM Pontau noted the Admin building should be ready to move into in early January. He noted the exterior painting and landscaping will be completed in the spring.
- JETCC Management Candidate School Update: AGM Pontau noted Matt Densmore from the Treatment Division has graduated from this program. This makes two employees that have completed the program and one that is currently enrolled.
- MBA Enrollment: AGM Pontau noted he has enrolled in classes through University of Phoenix to obtain his MBA.
- MDEP Inspection Report: AGM Pontau distributed to the Board the MDEP Wastewater Facility Inspection Report. He noted everything is satisfactory because they do not give out excellent ratings. The report noted "This is a very well operated and maintained facility. They consistently do more than is required to simply maintain compliance."

General Manager's Report

- Merrymeeting Community Rowing Assoc. 2012 Report: GM Blanchette passed along to the Board the annual report from MCRA. This is for informational purposes only.
- Strategic Plan Status Report: GM Blanchette noted he plans to have an outline completed for the December Board meeting.
- Treatment Plant Evaluation – Final Report: GM Blanchette distributed to the Board the final report of the Treatment Plant evaluation. He noted there were only minor changes done from the draft report previously given. GM Blanchette noted that the upgrade of the Treatment Plant will be substantial. He has not proposed any work for 2013, but that staff will use the time to understand the study and develop a plan to implement and fund the project. It is his desire to have the Board involved in this planning process.
- Joint Board Meeting with Topsham Sewer District: GM Blanchette noted the superintendent of the Topsham Sewer District has noted that his Board of Trustees would like to meet with the Brunswick Sewer District's Board Trustees. GM Blanchette noted it could be an open discussion with no set agenda. Trustee Barbour inquired as to the purpose of the meeting. GM Blanchette noted possibly to start discussions of joining the two Districts into one. As per discussions with the Board, GM Blanchette will set up a meeting in May or June, 2013.

Schedule of Upcoming Meetings and Events

The upcoming meetings are as follows:

- Trustee Regular Thursday 20 December 2012 7:00 pm
- Trustee Regular Thursday 17 January 2012 7:00 pm
- Trustee Regular Thursday 14 February 2012 7:00 pm

Remarks from the Chair

Chair Priest thanked the Trustees present, GM Blanchette, AGM Pontau, FM Manager Caron, Camera Operator Madison Brownne, and Mrs. Bonnie Shippen for their time.

Executive Session to Discuss a Personnel Matter

IT WAS MOVED BY TRUSTEE BARBOUR, SECONDED BY TRUSTEE GREEN, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT (5-0) TO ENTER INTO AN EXECUTIVE SESSION AT 9:38 PM TO DISCUSS A PERSONNEL MATTER [1 MRSA 405 (6) (A)].

GM Blanchette, AGM Pontau, FM Caron, Ms. Brownne and Ms. Shippen left the meeting at 9:38 pm.

The Trustees returned from executive session at 10:08 pm. No action was taken in executive session.

IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE BARBOUR, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT (5-0) TO GRANT THE GENERAL MANGER A 3.0% INCREASE IN SALARY.

Adjournment

There being no further business before the Board of Trustees,

IT WAS MOVED BY TRUSTTEE BARBOUR, SECONDED BY TRUSTEE GREEN, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ADJOURN THE MEETING AT 10:10 PM.

Attest: _____
David N. Barbour
Clerk, Board of Trustees