

BRUNSWICK SEWER DISTRICT
Board of Trustees Regular Monthly Meeting
14 August 2014

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 8:35 AM on Thursday, 14 August 2014, in the Board Room at District offices at 10 Pine Tree Road, Brunswick, Maine. A prepared agenda was noted and the meeting was recorded.

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

Others present: General Manager (GM) Blanchette, Assistant General Manager (AGM) Pontau, Finance Manager (FM) Caron, Camera Operator Dan Munsey and Administrative Assistant Bonnie Shippen (minutes). Also present was Mr. John Frost from Peoples United Bank.

Meeting Advertisement

The meeting was advertised in the Friday, 01 August 2014, edition of the *Times Record*.

Introduction and Welcome of newly appointed Trustee

Chair Priest welcomed the newest Board member, Mr. Douglas Rice. Mr. Rice was unanimously appointed by the Town Council at its August 4, 2014 meeting to fill the remaining term of former Trustee Sartoris, through March of 2015. It was noted that Mr. Rice is a professional civil engineer with Wright-Pierce and has been co-chair of the Brunswick Planning Board and has served two terms as a Town Councilor. He has also served on other town boards and committees. The Board members and staff all welcomed Mr. Rice.

Public Comment

GM Blanchette noted there was no public comment.

Correspondence

GM Blanchette distributed correspondence e-mails with Mr. Richard Kezer regarding purchasing sewer bonds.

GM Blanchette also noted an article in the *Times Record* on Tuesday, August 5th regarding Topsham Sewer District's agreement. He noted that he gave a presentation to the Town Council on Monday August 4th regarding the changes to our Charter required by newly enacted Chapter 555 and this was the result of that conversation. AGM Pontau noted that although the headline seemed harsh, the article was fair. Trustee Rice suggested sending a copy of the 50 year agreement to Brunswick Town Councilor John Richardson to get a better understanding of the contract.

Adoption of Minutes of Previous Meeting

The Trustees reviewed the minutes of the 10 July 2014 Regular Board meeting.

IT WAS MOVED BY TRUSTEE BARBOUR SECONDED BY TRUSTEE GREEN AND APPROVED BY THE TRUSTEES PRESENT WITH TRUSTEE RICE ABSTAINING (3-0), TO ACCEPT THE MINUTES OF THE 10 JULY 2014 REGULAR MEETING OF THE BOARD OF TRUSTEES WITH MINOR CHANGES NOTED.

Trustee Harvey entered the meeting at 8:43 am.

Treasurer's Report

Financial: Trustee Green noted the July 2014 Variance Analysis report indicated billing revenue to be \$161,000 above projection and non-billing revenue to be \$39,000 above projection. Expenditures are \$122,000 above projection at this time, indicating overall revenue of \$78,000 above projection. Capital expenses are over by \$8,000. Trustee Green noted the receivables were at \$37,800 and liens were at \$300. FM Caron noted as of today, receivables were lower than the \$37,800 noted at the end of July.

Forecasted vs. Actual Revenue: Trustee Green noted that Residential, Commercial, Brunswick Landing, Topsham Sewer District, and septage operating revenues are currently running ahead. Catch Basins are behind by \$62 indicating an overall \$161,538 above projection. Non-Operating Revenue projections were up \$48,100. FM Caron noted that we have done a significant amount of work for Brunswick Landing (MRRA) and TSD. AGM Pontau noted that the Columbia Street project has been completed and adding the replacement generator will show up in unbudgeted capital. GM Blanchette noted the generator was found in Sabattus and has been recovered by the Police Department. He noted that they will look it over and see if there is anything that can be salvaged.

Warrants: The weekly Warrants for July 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, and all voided checks, if any, are accounted for and on file.

The Board members questioned line items of Cobb's Repair and of Primeline. AGM Pontau noted that Cobb's repair was to replace the catalytic converter, brakes and several other small parts on the 2006 GMC Truck to pass inspection. He also noted that supplies for spot lining were purchased through Primeline.

Election of Officers

GM Blanchette noted at the first regular meeting of the Board following the appointment of a new Trustee or annual reappointment of an existing Trustee, the Board shall elect a Chairman, Vice-Chairman, Clerk, Treasurer, and Assistant Treasurer. He noted with Trustee Rice's appointment, officers need to be elected per the District's Charter.

IT WAS MOVED BY TRUSTEE BARBOUR, SECONDED BY TRUSTEE GREEN, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT (5-0) TO ELECT TRUSTEE PRIEST AS CHAIR, TRUSTEE HARVEY AS VICE-CHAIR, TRUSTEE BARBOUR AS CLERK, TRUSTEE GREEN AS TREASURER, AND TRUSTEE RICE AS ASSISTANT TREASURER.

Annual Investment Report with Mr. John Frost, Peoples United Bank

GM Blanchette introduced the representative from People's United Bank, Mr. John Frost, CFA, Senior Portfolio Manager, Senior Vice President Wealth Management. Mr. Bernard Waterman was conferenced in by phone during the presentation. Mr. Frost was there to present the annual report on the status of the District's investments.

Mr. Frost presented to the Board a booklet containing economic and market commentary, District account summary and performance, portfolio analysis and the District investment policy. He noted that the economic growth was positive and 4% stronger than expected. Unemployment is currently at 6.2 % with claims at 289,000, down from over 300,000 last year. He noted inflation has become dormant and there is uncertainty with the markets arising from political issues and problems in the Middle East. Mr. Frost noted that long term interest rates are still low, but short term rates are increasing. Mr. Frost noted equity is more attractive than fixed income and domestic trade is more appealing than international trade. Housing markets are low as households have changed and children are staying with their parent's longer, therefore purchasing starter homes have declined. He noted that employment is increasing and that utilities, energy and some manufacturing has returned. He noted that businesses are investing in machines instead of people, which he feels is unfortunate.

Mr. Frost noted that our investments are very conservative making them safe, but gaining very little yield. He noted he understands that the District has limited parameters for investments but there are a few options that can be explored to gain a higher yield.

GM Blanchette also noted that there is a probability that the District will be withdrawing funds from the investments for the treatment plant upgrade and paying it back with the SRF Loan.

GM Blanchette also noted that expanding the Districts investments has been previously discussed and state laws have not changed and they and our Charter, determine our investments. He noted Mr. Birmingham had previously recommended the District seek legislative changes to the rules.

Mr. Frost noted he will look at other options if the perimeters were to be expanded and bring it back to the Board. Mr. Waterman noted he had no comments to add. Management and the Board members thanked Mr. Frost for a very informative report.

Mr. Frost concluded his presentation and left the meeting at 9:47 am.

Monthly Report of Treatment Operations

AGM Pontau reported that the total flow to the treatment plant for July 2014 was 81.9 MG, up approximately 16% from the previous month and up 45% from this time last year. Flows of 12.8 MG and 6.8 MG for the month originated with Topsham and Brunswick Landing, respectively. Average daily flow for the period was 2.64 MG, or 69% of that allowed by permit. Maximum daily flow processed was 4.214 MG, on 3 July 2014. Precipitation for the month totaled 7.74", with a daily maximum of 1.82" on 4 July 2014.

Septage receiving for the period totaled 241,750 gallons, up 12% from the previous month. Removal rates for BOD and TSS for the period were 96.2% and 95.6%, respectively. A total of 238 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.

Rate Adjustment Discussion – Consideration of Rate Changes

GM Blanchette noted following last month's discussion, the proposed 5-year rate plan was amended to reflect costs, not percentages. He distributed a worksheet outlining the 5-year breakdown. The rate adjustment for the first 4-year portion would be \$6.75 per year. GM Blanchette noted that \$4.57 is to provide the funds to begin paying off the SRF loan in 2018. The balance of \$2.18 is to cover the 5-year capital improvement plan (CIP). The rate adjustment in the fifth year would be the \$2.18 to cover the final year of the CIP. Currently expenses are being covered by current revenue, costs on operating expenses have been cut and AGM Pontau is looking into additional jobbing opportunities for revenue.

Discussion was made regarding having one public hearing for the five year increase or holding a public hearing annually. Considerations discussed: would having one hearing be enough for five years and if it was done yearly what would happen if the increase was contested? Would there be a hold up in the project? Chair Priest suggested creating a table showing the yearly increases and compare to statewide rates. After much discussion it was decided to vote on this at the next meeting. Also discussed was having a rate hearing after three years to give an opportunity to review the rate and adjust it if needed.

Treatment Plant Upgrade Project Status Reports

AGM Pontau noted he had the first qualifications meeting for Construction Manager and had eight firms attend the meeting. He believes that we will have 3-5 good choices.

GM Blanchette noted that FM Caron, AGM Pontau and he met with Mr. Nadeau from the Maine Municipal Bond Bank (MMBB) and John True with MDEP regarding options and time frames for obtaining the SRF loan. He noted that he expected a spreadsheet for construction and scenarios but had not received it yet. Therefore he is unsure what to give to the Board as a recommendation. The Board discussed possible options. GM Blanchette noted he will place this on next month's agenda and have a recommendation for the Board at that time.

Maplewood Manor Mobile Home Park

This item was tabled until the next meeting.

Finance Manager's Report

- Settlement of Claim re: generator: FM Caron noted this was previously discussed. She distributed a copy of the claim check from MMA.
- Start of 2015 Budget process: FM Caron noted that they have started working on the 2015 budget process.
- Benefits Committee Meeting: FM Caron noted that Ms. Debbie Bridges from the Maine Municipal Employees Health Trust (MMEHT) will be attending the next Benefits Committee meeting to provide information and answer questions.

Assistant General Manager's Report

- Generator: AGM Pontau displayed a photo of the remains of the stolen generator for the Board to view. He noted that working with the insurance company to find salvageable items will not be that difficult.
- Results of MMA Leader program survey: AGM Pontau noted Mr. Lance Lemieux came to the District to perform the annual Leader Program review. The letter received was distributed to the Board noting recommendations on only two items. AGM Pontau noted one item was completed the day after the survey and the other recommendation was recently completed.
- Employee Class Standings: AGM Pontau noted the District's Lab Technician, Jennifer Nicholson completed a Principles of Management class and received an A. He noted Ms. Nicholson is taking advantage of the education benefits program to complete her Bachelors degree. AGM Pontau also distributed an article noting Collections Senior Operator Mike Jouver made the Dean's list (Honors) at CMCC in the Electrical Degree program.
- Appointment of Interim Supervisor of Treatment Operations: AGM Pontau noted Treatment Supervisor Greg Thulen will be out for approximately six weeks on medical leave and Jennifer Nicholson has been appointed interim Supervisor.
- Results of EPA's DMR-QA 34 Study: AGM Pontau distributed the test results Jennifer Nicholson obtained in performing EPA's annual quality assurance/quality control testing. Jennifer does a great job every year passing all parameters.

General Manager's Report:

- Trustee Plaque: GM Blanchette distributed the draft language for a plaque for former trustee Sartoris's service. The Board members all approved and GM Blanchette noted he will have the plaque for the next meeting. He noted he will also place it in the *Times Record*.
- Report of Town Council Presentation: GM Blanchette noted he presented to the Town Council the changes to our Charter required by the newly enacted Chapter 555 on August 4, 2014. He believed it went well.
- Roles & Responsibilities of Trustees (conf. presentation – Perkins/Thompson): GM Blanchette noted someone had placed this article on his desk and he found it quite informative. He distributed copies to the Board members.
- Restoration of 1937 Gorman-Rupp Pump: GM Blanchette distributed an email he sent to Mr. Jeffrey Gorman at the Gorman-Rupp Company regarding restoration of a 1937 pump the District owns. He noted that it has not been started in many years and it has been stored outside. He is awaiting a response to see if they will help fund the restoration of the pump. The did indicate they would donate parts as needed if they had them.
- GM Vacation: GM Blanchette noted he is on vacation from September 15th through September 26th.

FM Caron noted that the employees were having a company cookout as a thank you and farewell for the Interns at 11:30 today, and the Trustees are all welcome to attend. She also noted that several employees will be doing the ALS ice bucket challenge after lunch.

Schedule of Upcoming Meetings and Events

The upcoming meetings and workshops were scheduled as follows:

- Trustee Regular Monday 15 September 2014 8:30 a.m.
- Strategic Plan Workshop Thursday 09 October 2014 8:30 a.m.
- Trustee Regular Thursday 16 October 2014 8:30 a.m.

Remarks:

Chair Priest thanked the Trustees present, GM Blanchette, FM Caron, AGM Pontau, Bonnie Shippen and Dan Munsey for their time.

Adjournment

There being no further business before the Board of Trustees,

IT WAS MOVED BY TRUSTEE BARBOUR, SECONDED BY TRUSTEE GREEN, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT (5 -0) TO ADJOURN THE MEETING AT 10:59 AM.

Attest: _____

David N. Barbour
Clerk, Board of Trustees