

DATE: December 3, 2014

Boothbay Harbor Sewer District Board of Trustees Regular Meeting

Attendees:

Jim Stormont
Henry "Ted" Tedeschi
Chris Higgins
Jane Carpenter, Boothbay Register
Deryl Kipp

Call to Order

Trustee Stormont called the meeting to order at 4:52 PM.

Review of the Minutes of November 19, 2014

The minutes of the November 19, 2014, meeting was reviewed. After review, Trustee Tedeschi made motion to accept the 11/19/14 minutes as presented. Trustee Kipp seconded the motion. Vote was unanimous.

Review of Warrant 1272

Warrant 1272 was reviewed. Trustee Kipp made motion to execute warrant 1272. Trustee Tedeschi seconded the motion. Vote to execute the warrant was unanimous.

Execute 60-Day Late Letters: Boucher, Bowden, Brewer, Brooks, Clayter, Doray, Engart, Giles, Griffin, Latter, Lawlor, Little Bo Pete's, Lyons, Mayhew, Royall, Nessmith, Timberlake, O'Brien, Profit, Rigas, Rubel, Bay Landing, Trottier, Thal-Larsen, Upham

After review Trustee Kipp executed the letters.

Execute 90-Day Late Letters: Carolin, Boothbay Harbor Shipyard, Townsend, Gudroe, and Sprucewold Lodge

After review Trustee Kipp executed the letters.

Execute Lien Certificates: US Bank National Corporation, Kennon, Cusumano, Farrin, Brown

After review Trustee Kipp executed the lien certificates.

Execute Sewer Lien Discharges: Vosburgh (2)

After review Trustee Kipp executed the lien discharges.

Execute Foreclosure Notice: Spear – 98 Eastern Avenue

After review Trustee Kipp executed the foreclosure notice.

Execute Commitment Certificates for 11/28/14 and 12/12/14 Billings.

After review Trustee Tedeschi made a motion to commit the billings contained in the certificates for collection by the District Treasurer. Trustee Kipp seconded the motion. Vote to commit was unanimous.

November Financial Reports:

Superintendent Higgins distributed the November financial reports. Superintendent Higgins advised the reports are current as of November 30, 2014. Highlights of the reports are revenues are 106% of budget (\$57,612.00 over projection) and expenses are 3% under budget (-\$36,561.00). The expenses contain depreciation expenses of \$312,535.

2015 Budget Review – 2nd Draft:

Superintendent Higgins distributed the second draft of the 2015 Budget. The Superintendent advised there are no revenue projections due to potential capital improvement projects. The Superintendent advised an amount has been included in the Sewer Line Maintenance line 5310. The Superintendent advised \$16,800 was added to last year's budget line to cover the needed repairs.

Trustee Stormont inquired about the Other User Revenue Line 4200. The Superintendent advised this line should remain static, as there is no consistent way to project unforeseen jobbing billings. The existing line amount is historical in nature.

The Advertising line 5430 was discussed. The overage was discussed. The Superintendent advised most of the expenses were due to the warrant question for the relining work and employment related. Trustee Stormont advised to cut this line to \$1,000.00.

The Superintendent advised the Engineering line 5700 could be reduced to \$20,000 from 24,000. All agreed. The line was reduced to \$20,000.

Trustee Stormont discussed the Health insurance line 5030. The Superintendent advised the increase was due to the inclusion of the plant operators spouse. The Unemployment line was discussed. The Superintendent advised no amount was necessary this year.

Trustee Stormont discussed the Plant Electricity line 5100 and the Pump Station electricity line 5101 and inquired if the amount could be reduced. Trustee Kipp advised the line should remain due to the uncertainty of the upcoming market conditions and the impending rate case by CMP.

The Polymer line 5212 was discussed. The Superintendent advised there is a potential increase in January of 15% to 20%.

Jane Carpenter inquired about the Sewer Line Maintenance line 5310. Ms. Carpenter asked if the line included the estimate for the video inspection repairs discussed at the last meeting. The Superintendent advised that it did and that amount is \$16,800.00. The Superintendent distributed the cost estimate.

Trustee Stormont revisited the salary section and asked what rate increase was used. The Superintendent advised he used 2% as an increase based on the CPI-U for the Northeast Region. That index rate was published by the federal Department of Labor as 1.6% as of October 31, 2014 (period 10/31/13 to 10/31/14). The Superintendent advised the plant operator will receive a bump for the end of the probation period (six months) and the 2% COLA in January.

Trustee Stormont questioned the 2013 salary line for the Superintendent as to why it was \$3,000 higher than the budgeted amount for 2014. The Superintendent explained the additional amount was sick time cash-out at year end. The Superintendent advised the personnel policy allows for a cash-out of unused "bucket time" once per year in December. The provision allows the employees to receive all but 40 hours of the available time. The Superintendent explained the personnel provisions.

Rate projections for 2015

The Superintendent outlined the necessary capital improvements for 2015. The improvements include \$173,800 and include the following:

Contact Tank Sealing (one side only)	\$42,000
Mixer Base SBR 1	\$ 8,000
Diffusor Replacement (SBR 1)	\$ 3,800
Plant Heating Plant	\$50,000
Office Heat Plant	\$10,000
Plant PLC Upgrade	\$40,000
Aeration Piping Assembly (3)	\$20,000

Total	\$173,800
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The Superintendent ran various rate scenarios based on the existing budget proposal and the proposed capital improvements of \$173,800. Based on this scenario a rate of \$15.67/100 cu ft would be required to fully fund the proposed budget. The current rate per 100 is \$8.37. This represents an increase of 87%. This increase is not acceptable. The Superintendent recommended the capital work be financed over a 10-year period. This would reduce the annual cost to \$20,375 per year. By doing this, the proposed rate increase of 9% (9.12/100 cu ft) would generate a projected revenue stream of 1.22 million. This increase would fund the budget less \$134,563 in depreciation expenses. Trustee Stormont asked to see a proposed hard copy of the budget with the 9% increase prior to next meeting. The superintendent will generate the proposed and distribute to the Board prior to the next meeting. No other action was taken at this time.

Old Business:

A. Commercial Street Relining Update:

The Superintendent reported Green Mountain Pipeline started the Project on 12/1. The Contractor started on Bay Street. The Superintendent reported Bay Street and Lobster Cove Road are lined and the crew is on schedule. No complaints by residents have been received. The Superintendent advised of the schedule for next week. The crew will be in the Kenny Field/Park Street area and then move to the Sea Street area.

New Business:

None

Public Comment:

None

Correspondence:

The Board reviewed a postcard sent in by Robert Mitchell of Southport (Boothbay property owner and customer). Mr. Mitchell commended the District Trustees and employees for doing a fine job.

Motion to Enter Executive Session Pursuant to M.R.S.A. Title 1, Chapter 13, Subchapter 1, Section 405.6.C and not to return

Trustee Kipp made motion to enter Executive Session Pursuant to M.R.S.A. Title 1, Chapter 13, Subchapter 1, Section 405.6.C and not to return to the regular meeting. Trustee Tedeschi seconded the motion. Vote was unanimous.

Motion to Adjourn the Regular Meeting:

Jim Stormont asked for a motion to adjourn. Ted Tedeschi made motion to adjourn meeting. Deryl Kipp seconded the motion. The regular meeting adjourned at 6:12 p.m. and the Board entered executive session. The Board left executive session at 6:30 p.m.

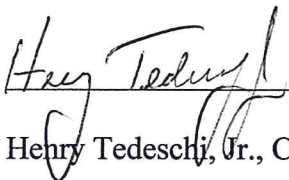
Jim Stormont, Chairman

We, the undersigned, do hereby waive notice of the above meeting and do agree to the business transacted.

Jim Stormont, Chairman



Deryl Kipp, Treasurer



Henry Tedeschi, Jr., Clerk