

VEAZIE SEWER DISTRICT
January 21, 2013 – MINUTES
6:30 P.M.

Attended by: Chair Rob Tomilson, Trustee, Trustee Jim Parker, Trustee Buddy Webb, Attorney Jon Pottle, Plant Manager Harvey King and members of the public.

- 1) Call Meeting to Order – Rob called the meeting to order at 6:32 p.m.
- 2) Consider Meeting Minutes of November 19, 2012 – Jim moved to accept the minutes as written; Rob seconded. Vote 2-0, passes.
- 3) Election of Officers – Rob states that with a new Trustee, new officers should be elected. Jim nominates Rob as Chairman. Webb seconds movement. Rob will be Chairman until next election. Russ nominates Jim as Treasurer. Rob seconds movement. Jim will be Treasurer until next election.
- 4) Public Comment –

Gary Brooks says that there was an executive meeting in Sept. 2012 regarding sick pay and the Trustees voted unanimously to pay Gary's sick time after receipt of the next assessment. Gary states that he has not yet received payment for that sick time. Jim asks if Gary had spoken to Tom Brown, Gary said yes, he had sent Tom a letter and that Tom recommended that Gary come to the meeting to request his payment. Jim states that he thinks Gary should be paid, but that the District does not have the money and that he will get paid eventually. Jim states that the District does not currently have enough money to make the next bond payments, so the District needs to get its cash flow in order and rate structure increased. Jim states that he knows there was a vote in Sept. to pay the sick time, but was not aware there was not enough money to pay it. Jim states that a Treasure's report is coming out and that Gary is welcome to look at it. Jim states that he knows the contract states that Gary is due to be paid his sick time, but there is no stipulation about when that sick time must be paid. Jim reiterates that Gary will be paid his sick time, but he cannot put the District into financial jeopardy by writing that check at the current time. Gary mentions the expenses currently being paid by the District for operations and attorneys. Jim states that the District had staff, but they all choose to resign and that the District will keep the plant operating. Rob states that he thinks Gary should be paid his sick time as well, although he hasn't yet seen the books.

Richard Leonard – Is curious about how the sick time was in the contract. Jim states that the District had a policy where sick time could be accrued, to the point where the District has \$30k-\$40k in expenses to pay for the sick time that was accrued and that normally money would be kept in reserve in order to pay for this liability, but money was not set aside to offset the liability (sick time). Mr. Leonard states that he has heard of vacation time being paid, but never sick time and that the policy doesn't make much sense to him. Jim states that accrual of paid sick time was ended in Sept. or Oct. 2012.

Tammy Olsen states that it was the August meeting where the auditor was grilled about financial stuff and she is not sure why there was a motion made in Sept. regarding that

when it was discussed in Aug. and also for the consideration of (former) employees who are owed money. Rob states that he personally feels that Tammy and Travis should be paid their sick time as well.

- 5) Treasurer's Report – Jim states that what he has is just a simple cash summary. Jim states that money owed to the District (accounts receivable) totals around \$51,000. There is \$45,300 in the Treatment Checking account, which includes \$20k which just came in from the most recent billing, and that is basically the District's operating money. There is \$51,500 in the Collection Money Market (investment) account. We have 5 bank accounts which were established with the purpose of being a reserve account, each for a specific item, which at one time had several hundred thousand dollars in them, back in 2008/2009 \$77k was put into those accounts, and now there is just over \$1000 in those accounts. Monthly operations bills are running about \$25k per month, which hasn't changed over the last two or three years and include expenses like electricity, buying chemicals, fixing the truck, etc. which are required to run the plant. Monthly payroll is currently \$4,000/month and we are paying an operator about \$14,000/month, which gives us about \$43,000/per month in operating costs. Longer term, in April we owe \$9,800 interest to the Maine Bond Bank and in October we owe \$106,000 in principle to the Maine Bond Bank, so it is imperative we get our cash flow/rates up so we can make that payment. The Bond Bank has already delayed the bond payment once, which cost the District \$3,000 in additional interest. Jim states that asking for the assessment from the Town early may be an option, but shouldn't be relied on. Jim states that with the proposed rate increases and changes, the District might be able to reduce operating costs by almost \$100,000 per year, but it will take a couple of years to get there.

Someone suggests that the Town and the District have a fundraiser and split the profit. Jim states that would be a whole lot of brownies.

- 6) Operations Update – Harvey King (Woodard & Curran) states that the plant is running well, there haven't been any issues, scheduled maintenance is being performed and office work is up to date. Jim asks if there has been any progress on the antenna (Buck Hill PS). Harvey states that a tree that was blocking the antenna has been removed, which has improved the communication signal and may have solved the issue. Jim states that with the conduit already run and pole already in place, it probably makes sense to move the antenna to the new location anyway.
- 7) Connection Fee for Mrs. Jones, 1002 Mutton Lane – Jim asks Harvey to write up a memo regarding recommendation for the fee.
- 8) Blockage on Flagg St – Jim asks Harvey to follow up on issue. Silver's replaced the service and didn't not think the issue was with the District's sewer line. Jim suggests that it might be a good idea to camera the line. Harvey says that the camera is not currently operational.
- 9) Sewer Easements – Karen Walker states that she would like to get resolved the sewer that runs across her property. She states that she has looked through her paperwork and cannot find where the sewer district has an easement. She states that she was not aware until recently that the sewer line ran across her property.

- 10) Operations Contract – Jim states that District put out RFP for contract operations to save money. District did not get back any proposals, except a letter from W&C that gives suggestions for how the District might operate successfully in the future. W&C offers services until the District can find an operator to run the plant. Jim recommends continuing the relationship with W&C until the District can find new staff. Jim says the cost will be about equal to the amount of money the District paid staff last year. Rob asks if the one additional year with W&C is fixed. Jim says that the ongoing support would be on a month-to-month basis. Jim makes move to continue relationship with W&C. Buddy seconds motion. Motion passes. Rob makes motion to have Jim work with Counsel to work through details of the contract and get it implemented. Buddy seconds motion. Motion passes.
- 11) Plant Classification – Jim states that the plant is currently a Grade III plant, but that he thinks that in his and W&C's opinion that the plant is a Grade II plant and that as a Grade II plant, Dana would be eligible to be the operator of the plant. Jim has spoken to the DEP and they told him that it might be possible to downgrade the plant. The change would not impact the operation of the plant or discharge quality. Jim makes motion to authorize W&C to pursue the reclassification with the DEP. Buddy seconds the motion. Motion passes.
- 12) Sewer Rates – Jim states that the rate structure needs to be quickly addressed. Jim asked Nick to run a couple of scenarios based on how the plant might be run in the future. Nick states that his numbers are initial projections. If W&C were to stay on for a year, with a full time operator, part time operator and part time bookkeeper, the operating cost would be about the same as with 3.5 staff. But if W&C people disappear, there would be savings realized long term. The current direction appears to be to have two base fees, one to cover long term debt and another to start putting money back into the reserve accounts. The usage fee would cover operating costs. Jim states that if the reserve accounts had not been depleted to cover operating costs in the past, these increases would not be necessary. Jim states that by increasing the debt service fee, the total bill for someone using 1000CF would go from \$66.60 to approximately \$90 per quarter, however property taxes may drop because the District will need less money from the Town to balance the books, so the total cost to the user, may actually be less than the original cost. Future projections show that the assessment to the Town may drop from the current \$150k per year to zero. Jim says he thinks that simplified numbers should go on the website so people can have access to them. Rob suggests that a letter of notification about the proposed rate changes be sent to all ratepayers. Jim and legal council agree. Rob then asks for a motion to have a public hearing at the next board meeting regarding the rate increase. Jim moves. Buddy seconds. Motion passes. The meeting will be Tuesday, February 26th at 6:30PM at the Veazie Community School.
- 13) Charter Changes - Jon Pottle explained that there are two major changes. One is a small expansion of District boundaries to cover users already connected to the sewer system. This has been approved by voters in the District and is going to the state legislature for approval. The second is a revision of the procedure to elect trustees. The proposal is to have that process be the same as that currently used for the Town Council. This will need a public hearing to be voted upon before going before the Maine legislature. Jim suggests that these changes be included in the letter to be sent out the written notice regarding the

rate hearing. Rob asks for a motion for Jim to work on that with council. Buddy seconds. Motion passes.

- 14) Executive Session per 1 M.R.S. Section 405(6)(E) – Jim moved to go into Executive Session per 1 M.R.S.A. Section 405(6)(E); Buddy seconded. Vote 3-0, passes at 7:37 p.m. Jim moved to come out of Executive Session per 1 M.R.S. Section 405(6)(E); Buddy seconded. Vote 3-0, passes at ~8:18 p.m.

Buddy made a motion that the board authorize legal council to resolve any outstanding legal issues regarding former employees. Jim seconded. Vote 3-0, motion passes.

- 15) Employment matters – Ron requested a motion that the personnel policy be updated. Jim so moved, adding that it be with legal counsel’s assistance. Buddy seconded. Vote 3-0, motion passes.
- 16) Town Council Request for Meeting with the District – The Council requested a meeting with the Trustees to discuss cost saving measures such as sharing personnel and equipment. Trustees agree and ask Harvey to contact the town manager to invite the Town Council to the next Trustee meeting.
- 17) Executive Session per 1 M.R.S. Section 405(6)(E) – Jim moved to go into Executive Session per 1 M.R.S.A. Section 405(6)(E); Buddy seconded. Vote 3-0, passes at 8:22 p.m. Jim moved to come out of Executive Session per 1 M.R.S. Section 405(6)(E); Buddy seconded. Vote 3-0, passes at ~8:59 p.m.
- 18) Executive Session per 1 M.R.S. Section 405(6)(E) – Buddy moved to go into Executive Session per 1 M.R.S.A. Section 405(6)(E); Jim seconded. Vote 3-0, passes at 8:59 p.m. Jim moved to come out of Executive Session per 1 M.R.S. Section 405(6)(E); Buddy seconded. Vote 3-0, passes at 9:11 p.m.
- 19) Buddy made a motion that the Board ratify the Chair’s action of having the District intervene in the Penobscot Nation vs. William Snider, as a non-paying member of the coalition involved in this case. Jim seconded. Vote 3-0, motion passes.
- 20) Jim made a motion to adjourn. Buddy seconded. Vote 3-0, motion passes. Meeting is adjourned at 9:28 p.m.