

LEAVENWORTH WATERWORKS

MINUTES OF A MEETING OF
THE BOARD OF DIRECTORS

HELD ON JULY 23, 2018

A regular meeting of the Board of Directors of the Leavenworth Waterworks was held at 5:00 PM on Monday, July 23, 2018 at the Leavenworth Waterworks located at 601 Cherokee, Leavenworth, Kansas 66048.

ATTENDANCE

Directors in Attendance

William Daniels, Chairman
Richard Gervasini, Vice Chairman
Eric Peterson, Secretary
Christi Norris, Assistant Secretary
Greg Kaaz, Member

Directors Absent (Excused)

Staff in Attendance

Joel Mahnken, General Manager
Lesia Hegeman, Manager of Finance
Dennis Baragary, Manager of Distribution
Jim Adams, North Plant Superintendent
Lisa Boorem, South Plant Superintendent

Others in Attendance

Tony Kramer, Kramer & Associates, CPA's LLC

CALL TO ORDER

Director Daniels, called the meeting to order at 5:00 PM.

ROLL CALL,
ANNOUNCEMENT OF
QUORUM

Director Daniels noted that a quorum was present.

REQUESTS,
COMMENTS, PETITIONS
BY MEMBER OF THE
PUBLIC

None

BOARD MEMBER ITEMS
OUTSIDE OF EXECUTIVE
SESSION

None

APPROVE MINUTES OF
JULY 9, 2018

Upon motion from Director Norris, seconded by Director Peterson, the minutes of July 9, 2018 were approved, motion passed 5-0...

RESOLVED (No. 14846), that the Board approved the July 9, 2018 minutes.

CONSIDERATION OF
CONSENT AGENDA

Upon motion from Director Norris, seconded by Director Peterson, the consent agenda, motion passed 5-0 ...

A. PAYROLL
DISBURSEMENT OF JULY
31, 2018

RESOLVED (No. 14847), that the Board approved:

A. The payroll for the period ending July 31, 2018 amounting to gross pay of \$81,827.09 (composed of the following withholdings and deductions) Federal Income Tax - \$5,959.04; FICA- \$6,091.74; State Tax - \$3,161.69; KPERS -\$4,821.51; KPERS-back \$141.12, Insurance - \$1,791.41; United Way - \$139.50; Eq-flex - \$1,962.02; PEDC - \$2,422.50; Garnishment - \$260.00; Misc - \$147.50, Life-Optional Group \$305.72 and Deposit - \$54,623.34 including the following overtime amounts: Distribution 107 hours @ \$3,730.58; North Plant 4 hours @ \$126.00 and South Plant 16 hours @ \$545.67 be approved and disbursements made from the Revenue Fund for their respective amounts.

B. PAYMENT OF CLAIMS

B. The Special Claims \$331,633.57 and Special/Special Claims as follows: Postmaster 3,000.00, KDHE-Bureau of Water \$25.00, and University of Kansas CE \$170.00 checks be drawn on the Revenue Fund for their respective amounts.

JUNE FINANCIAL REPORT The General Manager noted that due to increased water production. The sludge accrual will increase to \$12,000.00 per month, effective July 1st. Upon motion from Director Kaaz, seconded by Director Gervasini, the motion passed 5-0 ...

RESOLVED (No. 14848), that the Board approved June Financial Report.

PRELIMINARY AUDIT Tony Kramer, Kramer & Associates CPAs, LLC presented the 2017 draft audit to the Board. The audit was conducted in accordance with the Kansas Municipal Audit and Accounting Guide and in accordance with auditing standards generally accepted in the United States of America. The Board asked Mr. Kramer to email an electronic copy and return to the next meeting to answer any questions.

CONSIDERATION OF TOC ANALYZER As part of the 2018 CIP budget, the North Plant would like to add an online analyzer at the intake building to measure Total Organic Carbon (TOC). This will replace budget dollars set aside for a North Plant fluoride analyzer (\$10,000), lab equipment at South Plant (\$5,000) and a TOC analyzer at the S. Plant (\$30,000). We feel this instrument is more needed to see organic load spikes/ebbs on the river as they influence water treatment at the plant and changes needed in chemical dosages. Staff received several proposals, the bid from D&F Services LLC for a “Sievers” brand TOC analyzer and one year maintenance agreement would best suit us. The cost of a Sievers TOC analyzer is \$40,470.00 and R.E. Pedrotti would integrate the SCADA at a cost of \$4,150.00. The estimated costs for the project include \$400 for a water pump and \$3,000 for electrical PLC connections. The project total cost is \$48,020.00. Upon motion from Director Kaaz, seconded by Director Norris, the motion passed 5-0.

RESOLVED (No. 14849), that the Board approved the purchase and implementation of a Sievers brand TOC analyzer and one year maintenance agreement, water pump purchase, the electrical & PLC connections, and the SCADA integration for a total cost of \$48,020.00.

DISCUSSION OF CASH RESERVES RECOMMENDATION Cash reserves are an important aspect of any utilities financial operation in addressing risk management. Whether the risk is from EPA mandates, weather dependent cash flow, economic changes, or unforeseen infrastructure failures, cash reserve targets can help explain why the utility charges the rates they do. There is no one size fits all or even best practices, each individual utility should take into account its own situation. Staff recommendation would be to establish a target guideline for reserves equal to six months of budgeted operation & maintenance (not including

depreciation) costs plus the accrued liabilities from the balance sheet. The Board consensus was to maintain approximately eight million in liquid assets as reserves.

CONSIDERATION OF
CONTRACT WITH FORT
LEAVENWORTH

On July 13th, 2018, the DoD provided a Draft renewal of water sales agreement. We are waiting for the final document, which has some minor changes. The agreement is that Fort Leavenworth can purchase up to 1.2 million gallons per day from now until July, 2028 at our retail rate, pending annual budget approved.
Upon motion from Director Kaaz, seconded by Director Gervasini, the motion passed 5-0 ...

RESOLVED (No. 14850), that the Board approved the agreement for water sales to Fort Leavenworth.

DIVISION REPORTS

ADMINISTRATION

- Worked on June Financial Statements
- Audit - items
- KPERS audit

WATER DISTRIBUTION PROJECTS

1. 5th Ave – Spruce to Thornton (2018)
The first block of pipe is in.
2. Main Replacement Osage to Cherokee, 20th to 15th (2018)
Nothing new.
3. Pottawatomie 11th to 10th St.
Services are being transferred to new main, prep work for next section approx. 9th Street to 8th Street has begun.
4. Lecompton Road Watermain Replacement (2019)
Received alignment options and added option to 18th Street picking up Ridge Road.
5. Sanders and High Street Watermain Replacement (2019)
Survey has begun.

WATER DISTRIBUTION OPERATIONS

Between July 5th, 2018 and July 19th, 2018 the following water-distribution activities have occurred:

- a) Water-Line Breaks: 3 – one 2-inc and two 6-inch
- b) New Water-Service Connections: one

Ohio Street Booster Station

Nothing new at this time.

North Plant Summary

1. R.E. Pedrotti is helping with SCADA computer failure.

South Plant Summary

1. McGuire Electric replace VFD on secondary basin.
2. TOMCO (from Georgia) inspected the CO₂ tank. Found the expansion valve was under sized as well as the compressor and coil. Recommended adding an external compressor and coil.

Upon motion from Director Kaaz, seconded by Director Gervasini, the motion passed 5-0.

RESOLVED (No. 14851), that the Board authorized the General Manager to purchase CO₂ cooling system, not to exceed \$50,000.

GENERAL MANAGER'S REPORT

- Held KMU Safety Training on July 9th on Blood Borne Pathogens.
- Updated the Work Plan through June.
- Worked on contract with Fort Leavenworth.
- Worked on KPWSLF paperwork.
- Received work that the Chief Engineer of DWR had signed all three of our water rights applications. (Copies received today)
- Following up on responses to Environmental Reviews for KPWSLF loan.

EXECUTIVE SESSION –
DISCUSS PERFORMANCE
EVALUATION OF NON-
ELECTED PERSONNEL

At 6:40 PM the Board suspended the regular meeting and entered into executive session for 20 minutes to discuss performance evaluation on non-elected personnel.

Upon motion from Director Norris, seconded by Director Kaaz, motion passed 5-0 ...

RESOLVED (No. 14852), at 6:40 PM, that the Board suspended the regular meeting and entered into executive session.

At 7:00 PM the Board ended executive session and resumed the regular meeting.

Upon motion from Director Peterson, seconded by Director Gervasini, motion passed 5-0 ...

RESOLVED (No. 14853), at 7:00PM, that the Board ended the executive session and resume the regular board meeting.

At 7:00 PM the Board suspended the regular meeting and entered into executive session for 40 minutes to discuss performance evaluation on non-elected personnel.

Upon motion from Director Norris, seconded by Director Kaaz, motion passed 5-0 ...

RESOLVED (No. 14854), at 7:00PM, that the Board suspended the regular meeting and entered into executive session.

At 7:40 PM the Board ended executive session and resumed the regular meeting.

Upon motion from Director Peterson, seconded by Director Gervasini, motion passed 5-0 ...

RESOLVED (No. 14855), at 7:40PM, that the Board ended the executive session and resume the regular board meeting.

No action taken.

ADJOURNMENT There being no further business to come before the Board, Director Daniels adjourned the meeting.

Approved _____ 2018

William Daniels, Chairman

Eric Peterson, Secretary