MOREHEAD UTILITY PLANT BOARD
BOARD MEETING @ 12:00PM
February 23, 2016

Place of Meeting

A board meeting of the Morehead Utility Plant Board was held Tuesday, February 23, 2016, at 12:00 p.m. at the office of the Morehead Utility Plant Board 135 South Wilson Ave, Morehead KY.

Board Members Present

Porter Dailey, Chairman
Russ Ward, Vice-Chairman
Glen Teager, City Council Representative
Charles Derrickson, Board Member
Jeff Barker, Board Member

Also Present

Holly McGrath Rosas, General Manager
Billy Winkleman, Consultant
Larry DeHart, Morehead News
Earl Rogers, Attorney
Tim Eldridge, Baldwin CPAs
Benita Hammonds, Office Manager
Rhelda Toler, Administrative Assistant
Kevin Mayhorn, Purchasing Agent

Call to Order & Confirmation of Quorum

Chairman, Porter Dailey, declared a quorum and called the meeting to order at 12:00 p.m. Mr. Dailey welcomed Tim Eldridge, CPA, Larry DeHart with the Morehead News, and Staff.

Approval of January 26, 2016 Board Meeting Minutes

A motion was made by Jeff Barker, and seconded by Russ Ward to approve the minutes of the board meeting held on January 26, 2016. The motion was unanimously approved.

Acceptance of January 2016 Financial Report

The General Manager, Holly Rosas reported that the water and sewer revenue has increased by $127,000 (7.3%) and $199,000 (11.3%) respectively, compared to last year to date. Water is 106% and sewer is 109% of the budgeted revenues year to date.

The gas department margin is about $83,000 year to date and about $20,000 less than the prior year. There were no significant budget variances in gas department operating expenses other than the purchased gas which relates directly to the gas revenue and the price of natural gas.

The water system and plant expenses are up 17% ($182,000) compared to last year, however $63,000 of the difference is from chemicals and plant repairs and maintenance expenses. Overall the water system and plant are 6% over budget.

The sewer department expenses are 3% ($32,000) over budget and reflect about $15,000 (1.5%) less than the prior year's expense. Most expenses have settled down year to date and are within a reasonable range of the budget except lift station expense, which is about $58,000 over budget year to date.

The General and Administrative expenses are (93%) of the budgeted amount. The month to month actual expenses are running slightly above monthly budget and it appears that the end of the year should be nearer to 100% of the budgeted expenses.

The total operating expenses were about $18,000 under budget when factoring out the variance in actual gas purchased to budget. The water and sewer revenues are about $272,000 over the year to date revenue budget. The January financial statements reflect a bottom line positive variance to the operating budget in the amount of about $241,000. The cash position is about $311,000 ahead of this time last year. Part of this increase in cash flow relates to delayed capital projects, the mild winter, and lower per unit natural gas prices. For additional information see attached documentation.

A motion was made by Charles Derrickson, and seconded by Glen Teager to accept the January 2016 financials. The motion was unanimously approved.

Reports-General Manager

The General Manager reported that all expenses for 2015-2016 Capital Projects are under budget.

At the WTP the average daily water treated is 75% of capacity compared to last month at 68%. The leak in the clear well is scheduled to be repaired in the next couple of weeks. The water treatment plant has started a Quality Assurance Quality Control (QAQC) program for their lab. See WTP Reports for additional information.

The maintenance department is operating as normal. They have completed the hydrant flushing for THM (Trihalomethanes) and signage was put up letting customers know that it was being done. Jim Neill worked on updating the website personnel listing and added twelve months of board minutes. Ms. Rosas asked for feedback from the board members about the website. See attached Reports additional information.

The administrative department reported a water loss of 20.66% for January 2016. Glean Teager, City Council Representative expressed his concern about the water loss. Personnel updates were given. Billy Wheeler has been promoted to Assistant Maintenance Supervisor. Phillip Adkins has been promoted to Assistant Water Treatment Plant Supervisor. Ms. Rosas reported that a list of Holiday closings has been published on the MUPB website.

A motion was made by Russ Ward, seconded by Glen Teager to approve the General Manager's report. The motion was unanimously approved.

Ratify Payment of Monthly Bills

A motion was made by Charles Derrickson, seconded by Jeff Barker to ratify payment of monthly bills for January 2016 as presented. The motion was unanimously approved.

Executive Session-Legal and Contractual

A motion was made by Russ Ward, seconded by Charles Derrickson to go into executive session to discuss legal and contractual business. The motion was unanimously approved.

A motion was made by Glen Teager, seconded by Russ Ward to come out of executive session. The motion was unanimously approved.

Meeting Adjourned

Meeting Adjourned at 12:37p.m.

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Porter Dailey, Chairman

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Holly Rosas, General Manager