

**MOREHEAD UTILITY PLANT BOARD
BOARD MEETING @ 12:00PM
March 1, 2017**

Place of Meeting

A board meeting of the Morehead Utility Plant Board was held Wednesday, March 1, 2017, at 12:00 p.m. at the office of the Morehead Utility Plant Board 135 South Wilson Ave, Morehead, KY.

Board Members Present

Russ Ward, Vice Chairman
Glen Teager, City Council Representative
Jeff Barker, Board Member

Also Present

Holly McGrath-Rosas, General Manager
Benita Hammonds, Administrative Manager
Kevin Mayhorn, Financial Coordinator
Larry Tackett, Operations Manager
Brad Stacy, Morehead News
Earl Rogers, Attorney
Billy Winkleman, MUPB Consultant

Call to Order & Confirmation of Quorum

Vice Chairman, Russ Ward, declared a quorum and called the meeting to order at 12:02 p.m. He welcomed all visitors and staff.

Approval of January 31, 2017 Board Meeting Minutes

A motion was made by Glen Teager, and seconded by Jeff Barker to approve the minutes of the board meeting held on January 31, 2017. The motion was unanimously approved.

Accept November, December 2016, and January 2017 Financial Reports

Holly McGrath-Rosas, General Manager, goes over the financial highlights through January 2017. This includes:

- (1) The water revenues are \$24,000 (-1.2%) under budget and sewer revenue is under budget by \$37,000 (-1.7%). Both water and sewer sales are experiencing some decreased industrial consumption, and sewer tap fees through January about \$62,000 more than budgeted for the year.
- (2) The WTP expenditures are \$58,000 (5.7%) over budget. Chemicals are \$86,000 under the year to date budget along with several other line items which have some positive variance.

- (3) The WWTP expenses are 9.5% or (\$84,000) over budget. Several categories are over budget including about \$60,000 in repairs and maintenance related to the plant and lift stations.
 - (4) The maintenance department expense is 6.9% (\$57,000) over budget for the year which includes \$18,000 of employee training in the gas department higher than the year to date budgeted amounts as well as higher system repairs than anticipated.
 - (5) The gas department is contributing about \$91,000 less than budgeted margin year to date and is now showing the effects of the milder weather. There may still be some recovery but we're getting late in the season and unless a very sharp cold spell, gas will likely end the year below budgeted net margins.
 - (6) \$496,000 (44%) of the budgeted \$1,127,000 in capital projects has been expended and continuing capital expenditures during this fiscal year may need to be restricted due to the revenue being under budget.
- The net variance to operating revenue and expense budget is negative year to date by about \$290,000.

Ms. McGrath-Rosas informs the Board of her plan to restrict the spending of the remaining capital fund and to limit employee overtime to emergency situations only. Russ Ward, Vice Chairman agrees.

A motion was made by Glen Teager, and seconded by Jeff Barker to approve financial reports for November, December 2016 and January 2017. The motion was unanimously approved

Reports-General Manager

Water Treatment Plant (WTP)-

Ms. McGrath-Rosas reports that the WTP average daily water treated is 66%. She states that the maximum daily treated for the month was 6.2 million gallons or 79%. However, she reports that the maximum amount of water that is permitted to be pulled from the Licking River is an average of 5 million per day. In November the WTP received a violation for pulling too much water out of the river. As Ms. McGrath-Rosas was reviewing the usage and revenue graphs for the WTP Mr. Teager posed a question. Mr. Teager would like to know how revenue is up when industrial use is down. Ms. McGrath-Rosas explains that these numbers demonstrate water sold not water treated. Ms. McGrath-Rosas agrees to provide additional information to the board members to clarify the question. See the February 2017 WTP Report for additional information.

Wastewater Treatment Plant (WWTP)-

The General Manager reports that biomonitoring was passed for the first quarter and that the lab received their certification. Ms. McGrath-Rosas reviews the sewer revenue graphs and Mr. Teager questions how sewer revenue is down and water revenue is up. Ms. McGrath-Rosas along with Ms. Hammonds explains that there are more water customers than sewer customers. She also explains to the board that she will check into the revenue numbers and get back with them within the next few days. See the February 2017 WWTP Report for additional information.

Maintenance Department-

The General Manager reports that maintenance department repaired an 8” main line break on Knapp Ave, a 10” main that broke twice on 801 South and a 3” main on Bluestone Rd. She also reports that the maintenance department completed one water tap and gained 2 gas customers. See attached February 2017 Maintenance Department Report for additional information.

Administration Department-

The Administrative Department reports a water loss of 12.03% for January 2017 and the yearly average is 12.03%. Automatic bank draft payments are at 1121. Ms. McGrath-Rosas ask Ms. Hammonds to explain to those present what the current status is with software upgrades. Ms. Hammonds reports that the billing side of Able Soft has been completed for radio reads and the web update for customer payments should be completed sometime in March 2017. The general manager reports that during the Spring of 2017 she plans to present to the board a plan for incentives for new customers that sign up on gas to help them offset the cost of hook up. See the Administrative Office February 2017 Report for additional information.

A motion was made by Jeff Barker and seconded by Glen Teager to accept the General Managers report. The motion was unanimously approved.

New Business

Approval for WTP Request for Engineering

Ms. McGrath-Rosas informs the board that they have worked with the Gateway ADD and will be posting the request for qualifications for an engineer in the Lexington Herold Newspaper.

A motion was made by Glen Teager, seconded by Jeff Barker to approve WTP for Engineering. The motion was unanimously approved.

Approval Three Committee Members to Research and Find Engineers for WTP

The general manager request that the board approve a committee of herself along with Billy Winkleman and Larry Tackett to research and find engineers.

A motion was made by Glen Teager, seconded by Jeff Barker to approve three committee members to research and find engineers for WTP. The motion was unanimously approved.

Ratify Payment of Monthly Bills

Kevin Mayhorn, Financial Coordinator reviewed with the board several checks that were written which included MSU Water Testing Lab, Allied Technical Services and MUPB Pooled Funds. He explained to the board what services were provided to MUPB in exchange for these payments.

A motion was made by Jeff Barker, seconded by Glen Teager to ratify payment of monthly bills for February 2017. The motion was unanimously approved.

Old Business

N/A

Meeting Adjourned

Meeting Adjourned at 12:28p.m.
The next meeting is on March 28, 2017 @ 12:00p.m.

Porter Dailey, Chairman

Holly McGrath- Rosas, General Manager