AGENDA
HENDERSON WATER & SEWER COMMISSION
(270) 826-2421
January 26, 2015
Monday @ 4:30pm

A. ROLL CALL

B. INVOCATION

C. RECOGNITION OF PAUL HUDNALL – 20 YEARS OF SERVICE

D. APPROVAL OF MINUTES
   • Approval of Minutes from December 15, 2014

E. MONTHLY REPORTS
   • Financial
   • Operations
   • Engineering
   • Human Resources
   • Safety Report
   • General Manager’s
     ➢ Policy and Procedures Manual Documents for Board Review and Approval
       ▪ Financing of Extensions to the Water and Sewer Systems
       ▪ Information Security – Protection of Personal Information

F. BUSINESS
   • Resolution #2015-01 – Intention to Seek Sealed Bids on Surplus Real Property At
     1730, 1732 & 1734 Roosevelt Street
   • Election of Officers

G. EXECUTIVE SESSION – None Requested
A. ROLL CALL

Present at the meeting was Commissioner Paul Bird, Chairman, who presided over the meeting; along with Commissioners George Jones, John Henderson, Gary Jennings, and Julie Wischer. Tom Williams, General Manager, and Eric Shappell, Attorney, were also in attendance. Staff members present included Leason Neel, Rodney Michael, Greg Nunn, John Baker, Jeremy Duncan, Kevin Roberts, and Patty Brown. Also attending were Mayor, Steve Austin, City Manager, Russell Sights, Assistant City Manager, William “Buzzy” Newman, and City Commissioner, Tom Davis, and Frank Boyett with “The Gleaner”.

B. INVOCATION – Kevin Roberts

C. APPROVAL OF MINUTES

- Approval of Minutes from November 17, 2014

Minutes were approved as submitted.

D. MONTHLY REPORTS

- Financial

The financial statements were discussed and Lesaon Neel pointed out that revenue was ahead of budget this month, but next month, after adjusting major contracts, it will even out.

- Operations

Rodney Michael reported on the 12 inch water leak that occurred in at 5th and Water Streets. He said the quick response of our crews saved a city wide boil water.

- Engineering

Tom Williams noted that construction at the NWWTP is running 3 to 4 months behind the original schedule, but this will not affect any regulatory deadlines. There will be additional costs due to having consulting engineers on site.

- Human Resources

Tom Williams commented that there were 3 tests given last week, with good results for the Water Treatment Operator I test as eight or nine people passed the test. He stated that the other 2 tests did not go as well and those 2 positions will be returning again next month.
Safety Report

Jeremy Duncan mentioned that there was one recordable injury in November, without any loss time. Rodney Michael expressed his gratitude that we have a full time person who is able to concentrate on strictly safety issues.

General Manager’s

- Policy and Procedures Manual Documents for Board Review and Approval
  - Water & Sewer Tap Fees (Revision)
  - Board Action Reports and Board Resolutions

Tom Williams reviewed the GM report and explained the revision to the Water and Sewer Tap Fees policy. This change pertains to major industrial prospects who work with Kyndle and the State Economic Development people and would allow staff to proceed with waiving tap fees without having to wait to bring it to the board. He noted that this would not apply to just anybody that comes in and builds but is specifically for economic development. This expedites the process for state incentives. Also, anything that actually materializes will, of course, be brought before the board.

The Board Action Reports and Board Resolutions policy is just a house-keeping measure and contains no changes from current practices.

Motion was made and approved to accept the Monthly Reports as submitted.

Motion was made and approved to accept the Revision to the Water & Sewer Taps policy and the Board Action Reports and Board Resolutions policy as submitted.

E. BUSINESS

- Action Report #2014-53 – Countryview Subdivision Stormwater Project – Design Services

After discussion, motion was made and approved to accept Action Report #2014-53 for Design Services for the Countryview Subdivision Stormwater Project selecting Clark Dietz, Inc. of Champaign, Illinois as the most qualified firm and negotiating a contract not to exceed $50,000. Funding will be taken from the capital budget account for this project. It is a multi-year project which will help alleviate flooding in the area.

- Action Report #2014-54 – North WWTP ATV Purchase & South WWTP ATV Upgrade

After discussion, motion was made and approved to accept Action Report #2014-54 for purchase of an ATV for the North WWTP and an upgrade for the ATV recently purchased for the South WWTP. Funds for the purchase of a 2015 Kawasaki Mule 4010 and Accessories for 2 hard cabs, windshield, and labor to install will be taken from the Unidentified Capital Projects fund and should not exceed $16,900.00.

- Determine date of January 2015 Board Meeting since third Monday falls on a Holiday
Motion was made and approved to move the January 2015 board meeting to January 26, 2015, since the regular meeting date falls on a holiday.

The board expressed their thanks to City Commissioner Tom Davis for his service while he served on the City Commission and for his regular participation in the water utility’s monthly board meetings.

F. EXECUTIVE SESSION

- To discuss matters regarding future acquisition or sale of real property pursuant to KRS 61.810 (1) (b)

Motion was made and approved to go into Executive Session to discuss matters regarding future acquisition or sale of real property pursuant to KRS 61.810 (1) (b).

Upon return from Executive Session, motion was made and approved to adjourn.
FINANCIAL REPORT
Henderson Water Utility
Financial Summary
For Six Months Ended December 31, 2014
## Henderson Water Utility
### Operating Revenues and Expenses Summary
#### For the Six Months Ended December 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>December Actual</th>
<th>December Budget</th>
<th>Year to Date Actual</th>
<th>Year to Date Budget</th>
<th>Fiscal Year Budget</th>
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<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Water Sales</td>
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<td>$546,480</td>
<td>$3,811,270</td>
<td>$3,808,477</td>
<td>$7,457,765</td>
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<td>Water Penalties</td>
<td>2,102</td>
<td>2,324</td>
<td>17,792</td>
<td>13,947</td>
<td>27,893</td>
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<td>Water Fees</td>
<td>1,420</td>
<td>3,947</td>
<td>13,713</td>
<td>23,684</td>
<td>47,367</td>
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<td>649,076</td>
<td>688,940</td>
<td>5,288,702</td>
<td>5,225,483</td>
<td>10,067,281</td>
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<tr>
<td>Wastewater Penalties</td>
<td>3,153</td>
<td>3,045</td>
<td>26,684</td>
<td>18,722</td>
<td>36,543</td>
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<td>Wastewater Fees</td>
<td>9,760</td>
<td>15,800</td>
<td>82,395</td>
<td>94,797</td>
<td>189,594</td>
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<td><strong>Total Operating Revenues</strong></td>
<td><strong>1,158,184</strong></td>
<td><strong>1,260,537</strong></td>
<td><strong>9,240,556</strong></td>
<td><strong>9,184,659</strong></td>
<td><strong>17,826,443</strong></td>
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<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>Salaries and Wages</td>
<td>290,150</td>
<td>359,965</td>
<td>1,902,372</td>
<td>2,159,792</td>
<td>4,319,582</td>
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<td>20,199</td>
<td>26,160</td>
<td>134,509</td>
<td>156,963</td>
<td>313,925</td>
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<td>Health Insurance</td>
<td>94,733</td>
<td>108,167</td>
<td>568,738</td>
<td>649,000</td>
<td>1,298,000</td>
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<td>Pension Benefits</td>
<td>50,106</td>
<td>61,125</td>
<td>332,355</td>
<td>366,750</td>
<td>733,500</td>
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<td>8,320</td>
<td>51,652</td>
<td>66,557</td>
<td>99,836</td>
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<td>Other Employee Benefits</td>
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<td>1,951</td>
<td>7,837</td>
<td>11,706</td>
<td>23,412</td>
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<td>Car Allowance</td>
<td>1,800</td>
<td>1,350</td>
<td>10,800</td>
<td>8,100</td>
<td>16,200</td>
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<td>Electricity</td>
<td>87,925</td>
<td>117,525</td>
<td>622,430</td>
<td>705,149</td>
<td>1,410,297</td>
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<td>3,977</td>
<td>4,031</td>
<td>5,119</td>
<td>5,363</td>
<td>12,050</td>
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<td>Chemicals</td>
<td>97,147</td>
<td>89,321</td>
<td>542,991</td>
<td>535,924</td>
<td>1,071,848</td>
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<td>Inventory Expense</td>
<td>12,880</td>
<td>13,333</td>
<td>75,909</td>
<td>80,000</td>
<td>160,000</td>
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<td>Fuel</td>
<td>13,492</td>
<td>14,167</td>
<td>69,580</td>
<td>85,000</td>
<td>170,000</td>
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<td>Small Equipment &amp; Tools</td>
<td>8,776</td>
<td>10,325</td>
<td>54,479</td>
<td>61,950</td>
<td>123,900</td>
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<td>Safety Supplies</td>
<td>2,568</td>
<td>4,333</td>
<td>13,228</td>
<td>26,000</td>
<td>52,000</td>
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<tr>
<td>Clothing/Cleaning Allowance</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>17,050</td>
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<tr>
<td>Vehicle Repair</td>
<td>1,615</td>
<td>5,850</td>
<td>18,321</td>
<td>35,100</td>
<td>70,200</td>
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<td>Other Equipment Repair</td>
<td>23,271</td>
<td>25,000</td>
<td>149,871</td>
<td>150,000</td>
<td>300,000</td>
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<td>Other Structures Repair</td>
<td>13,931</td>
<td>21,695</td>
<td>169,470</td>
<td>130,170</td>
<td>260,340</td>
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<td>SCADA Expense</td>
<td>11,173</td>
<td>2,657</td>
<td>23,585</td>
<td>15,939</td>
<td>31,878</td>
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<td>Administrative Services</td>
<td>48,333</td>
<td>49,917</td>
<td>290,002</td>
<td>299,500</td>
<td>599,000</td>
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<td>Contractual Services</td>
<td>131,557</td>
<td>104,955</td>
<td>708,272</td>
<td>629,730</td>
<td>1,259,460</td>
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<td>Professional Services</td>
<td>712</td>
<td>2,917</td>
<td>6,260</td>
<td>17,500</td>
<td>35,000</td>
</tr>
<tr>
<td>Equipment Rental</td>
<td>5,808</td>
<td>4,693</td>
<td>33,578</td>
<td>28,158</td>
<td>56,315</td>
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<tr>
<td>Audit Expense</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>20,000</td>
<td>20,000</td>
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<tr>
<td>Trust Fees</td>
<td>38</td>
<td>1,250</td>
<td>3,028</td>
<td>7,500</td>
<td>15,000</td>
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<tr>
<td>Public Contributions</td>
<td>-</td>
<td>3,958</td>
<td>1,250</td>
<td>23,750</td>
<td>47,500</td>
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<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>131,152</td>
<td>135,000</td>
<td>270,000</td>
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<tr>
<td>Technology Expense</td>
<td>8,525</td>
<td>10,917</td>
<td>70,529</td>
<td>65,500</td>
<td>131,000</td>
</tr>
<tr>
<td>Office &amp; Field Supplies</td>
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<td>14,688</td>
<td>94,384</td>
<td>88,125</td>
<td>176,250</td>
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<tr>
<td>Telephone</td>
<td>3,255</td>
<td>3,956</td>
<td>19,883</td>
<td>23,739</td>
<td>47,477</td>
</tr>
<tr>
<td>Medical Exams</td>
<td>849</td>
<td>500</td>
<td>2,648</td>
<td>3,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Travel and Training</td>
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<td>3,865</td>
<td>32,721</td>
<td>23,190</td>
<td>46,380</td>
</tr>
<tr>
<td>Dues and Subscriptions</td>
<td>3,244</td>
<td>1,194</td>
<td>7,066</td>
<td>7,164</td>
<td>14,327</td>
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<tr>
<td>Printing</td>
<td>525</td>
<td>358</td>
<td>2,385</td>
<td>2,150</td>
<td>4,530</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,592</td>
<td>596</td>
<td>2,619</td>
<td>3,575</td>
<td>7,150</td>
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<tr>
<td>Depreciation</td>
<td>278,333</td>
<td>258,333</td>
<td>1,590,000</td>
<td>1,550,000</td>
<td>3,100,000</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>1,251,525</strong></td>
<td><strong>1,337,371</strong></td>
<td><strong>7,769,023</strong></td>
<td><strong>8,177,310</strong></td>
<td><strong>16,339,177</strong></td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>$(93,341)</td>
<td>$(76,834)</td>
<td>$1,471,533</td>
<td>$1,007,349</td>
<td>$1,487,266</td>
</tr>
</tbody>
</table>
Henderson Water Utility
Variance Analysis
Six Months Ended 12/31/2014

Actual Operating Revenues $ 9,240,556
Budgeted Operating Revenues 9,184,659
Favorable (Unfavorable) Variance $ 55,897
Percentage Difference 0.61%

Billable Gallons
Through 12/31/2014 1,283,204,263
Through 12/31/2013 1,293,820,992
Difference (10,616,729)
Percentage Difference -0.82%

Actual Operating Expenses $ 7,769,023
Budgeted Operating Expenses 8,177,310
Favorable (Unfavorable) Variance $ 408,287
Percentage Difference 4.99%

Breakdown of Volumetric Differential For Six Months Ended :

<table>
<thead>
<tr>
<th></th>
<th>Dec-14</th>
<th>Dec-13</th>
<th>Differential %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>314,278,286</td>
<td>313,839,262</td>
<td>0.14%</td>
</tr>
<tr>
<td>Industrial</td>
<td>565,939,339</td>
<td>583,957,391</td>
<td>-3.09%</td>
</tr>
<tr>
<td>Commercial</td>
<td>402,986,638</td>
<td>396,024,339</td>
<td>1.76%</td>
</tr>
</tbody>
</table>

Scada expense was over budget due to December payment of Wonderware software yearly maintenance agreement.

Contract Services includes approximately $71,500 of labor that was budgeted in Salaries and Waqes.
## Henderson Water Utility
### Capital Expenditures Report
### For the Six Months Ended December 31, 2014

<table>
<thead>
<tr>
<th>Construction In Progress:</th>
<th>Beginning Balance</th>
<th>Current MTD Activity</th>
<th>Current YTD Activity</th>
<th>Project to Date Balance</th>
<th>Fiscal Year Budget</th>
<th>Total Capital Budget</th>
<th>Action Report No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Center &amp; Julia</td>
<td>$1,382,288</td>
<td>$-</td>
<td>$1,382,288</td>
<td>$100</td>
<td>2,520,000</td>
<td>08-03</td>
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</tr>
<tr>
<td>Pump Station Modifications</td>
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<td>-</td>
<td>27,545</td>
<td>100</td>
<td>110,000</td>
<td>13-14</td>
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<tr>
<td>NWTP Headworks Project</td>
<td>5,496,283</td>
<td>664,761</td>
<td>3,950,685</td>
<td>9,446,968</td>
<td>8,200,000</td>
<td>13,630,139</td>
<td>13-24</td>
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<tr>
<td>NWTP Rehab</td>
<td>88,200</td>
<td>39,351</td>
<td>64,039</td>
<td>152,239</td>
<td>154,000</td>
<td>154,000</td>
<td>14-20 &amp;21</td>
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<tr>
<td>Green River Road Project</td>
<td>300,301</td>
<td>4,897</td>
<td>305,198</td>
<td>-</td>
<td>407,500</td>
<td>13-056.07</td>
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<tr>
<td>SWTP Rehab</td>
<td>19,500</td>
<td>34,000</td>
<td>60,500</td>
<td>80,000</td>
<td>500,100</td>
<td>545,000</td>
<td>3-238 &amp; 14-37</td>
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<tr>
<td>Tiger Ditch Stormwater</td>
<td>10,925</td>
<td>50,083</td>
<td>61,008</td>
<td>100</td>
<td>98,000</td>
<td>13-38</td>
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<td>Countryview Subdivision Stormwater</td>
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<td>-</td>
<td>-</td>
<td>200,000</td>
<td>200,000</td>
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<tr>
<td>Cooper Park Stormwater</td>
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<td>388</td>
<td>739</td>
<td>-</td>
<td>14-30</td>
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<td>Riverport Loop Water Line</td>
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<td>72,556</td>
<td>72,556</td>
<td>72,556</td>
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<td>14-51</td>
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<tr>
<td>South Main &amp; Drury Stormwater</td>
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<td>7,308</td>
<td>10,078</td>
<td>10,078</td>
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<tr>
<td>Special Projects</td>
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<td>847,397</td>
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<td>Total Construction In Progress</td>
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<td>9,936,797</td>
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<td>Buildings and Improvements:</td>
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<td>SOC Bldg Roof</td>
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<td>13,991</td>
<td>13,991</td>
<td>34,125</td>
<td>34,125</td>
<td>14-23</td>
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<td>Blower Bldg # 1 Roof</td>
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<td>SOC Mechanic Shop</td>
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<td>18,255</td>
<td>29,947</td>
<td>30,000</td>
<td>30,000</td>
<td>14-14</td>
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<tr>
<td>Paving</td>
<td>42,450</td>
<td>10,291</td>
<td>52,741</td>
<td>-</td>
<td>52,741</td>
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<td>Total Buildings and Improvements</td>
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<td>42,537</td>
<td>96,679</td>
<td>64,225</td>
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<td>Equipment and Vehicles:</td>
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<td></td>
<td></td>
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<tr>
<td>Generator</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
<td></td>
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<tr>
<td>Tapping Machines</td>
<td>-</td>
<td>(473)</td>
<td>14,242</td>
<td>14,242</td>
<td>38,660</td>
<td>38,660</td>
<td>14-328 &amp;52</td>
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<td>Work Order Mgt. System</td>
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<td>9,593</td>
<td>91,605</td>
<td>91,605</td>
<td>135,000</td>
<td>135,000</td>
<td>14-27</td>
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<tr>
<td>VFD Controls</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
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<tr>
<td>ISCO 2150 CSO Point Automation</td>
<td>-</td>
<td>205</td>
<td>205</td>
<td>205</td>
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<td>100</td>
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<td>HVAC SPBlqd NWTP</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
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<tr>
<td>Portable Samplers</td>
<td>-</td>
<td>17,255</td>
<td>17,255</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confined Space Entry System</td>
<td>-</td>
<td>7,753</td>
<td>7,753</td>
<td>8,000</td>
<td>8,000</td>
<td>14-47</td>
<td></td>
</tr>
<tr>
<td>Ford Escape (3)</td>
<td>-</td>
<td>69,015</td>
<td>69,015</td>
<td>69,015</td>
<td>69,015</td>
<td>69,015</td>
<td>14-42</td>
</tr>
<tr>
<td>Van</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,005</td>
<td>23,005</td>
<td>14-42</td>
</tr>
<tr>
<td>Pickup Truck</td>
<td>-</td>
<td>31,169</td>
<td>31,169</td>
<td>31,169</td>
<td>31,169</td>
<td>31,169</td>
<td>14-42</td>
</tr>
<tr>
<td>North &amp; South WWTP ATV</td>
<td>-</td>
<td>10,024</td>
<td>10,024</td>
<td>27,324</td>
<td>27,324</td>
<td>27,324</td>
<td>14-35 &amp; 64</td>
</tr>
<tr>
<td>Total Equipment and Vehicles</td>
<td>-</td>
<td>109,304</td>
<td>241,268</td>
<td>241,268</td>
<td>332,573</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Capital Expenditures</td>
<td>$7,379,184</td>
<td>$918,687</td>
<td>$4,497,382</td>
<td>$11,876,566</td>
<td>$11,030,900</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Henderson Water Utility
Financial Summary
For Six Months Ended December 31, 2014
## Henderson Water Utility
### Statement of Net Position
#### December 31, 2014

### ASSETS
Current assets:
- Cash $6,056,334
- Unrestricted Investments $2,102,136
- Restricted Investments $504,717
- Receivable-2014 Bonds $6,961,909
- Accounts receivable $498,956
- Inventories $923,759

Total current assets $17,047,811

Noncurrent assets:
- Construction in progress $11,538,619
- Utility plant and equipment, net of accumulated depreciation $66,204,337
- Other assets $211,612

Total noncurrent assets $77,954,568

Total assets $95,002,379

### LIABILITIES
Current liabilities:
- Accounts payable $382,518
- Retainage payable $550,896
- Deposits payable $78,599
- Accrued liabilities $1,400,722
- Current portion of long-term debt $67,470

Total current liabilities $2,480,205

Noncurrent liabilities:
- Long-term debt $42,351,063

Total noncurrent liabilities $42,351,063

Total liabilities $44,831,268

### NET POSITION
- Net investment in capital assets $42,497,944
- Restricted for debt service $317,829
- Unrestricted $7,355,338

Total net position $50,171,111

Total liabilities and net position $95,002,379
### Henderson Water Utility

**Statement of Revenues, Expenses, and Changes in Net Position**

**For the Six Months Ended December 31, 2014**

<table>
<thead>
<tr>
<th></th>
<th>December Actual</th>
<th>December Budget</th>
<th>Year to Date Actual</th>
<th>Year to Date Budget</th>
<th>Fiscal Year Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water sales and fees</td>
<td>$ 496,195</td>
<td>$ 552,752</td>
<td>$ 3,842,775</td>
<td>$ 3,846,107</td>
<td>$ 7,533,025</td>
</tr>
<tr>
<td>Wastewater services and fees</td>
<td>661,989</td>
<td>707,785</td>
<td>5,397,781</td>
<td>5,338,553</td>
<td>10,293,418</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>1,158,184</td>
<td>1,260,537</td>
<td>9,240,556</td>
<td>9,184,660</td>
<td>17,826,443</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, wages, and benefits</td>
<td>464,978</td>
<td>567,038</td>
<td>3,008,263</td>
<td>3,418,863</td>
<td>6,804,455</td>
</tr>
<tr>
<td>Contractual services</td>
<td>186,448</td>
<td>163,731</td>
<td>1,083,077</td>
<td>1,023,181</td>
<td>2,032,275</td>
</tr>
<tr>
<td>Supplies and materials</td>
<td>134,863</td>
<td>131,479</td>
<td>756,187</td>
<td>788,874</td>
<td>1,594,798</td>
</tr>
<tr>
<td>Utilities expense</td>
<td>91,902</td>
<td>121,556</td>
<td>627,549</td>
<td>710,781</td>
<td>1,442,347</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>49,990</td>
<td>55,202</td>
<td>361,247</td>
<td>331,212</td>
<td>662,418</td>
</tr>
<tr>
<td>Other services and expenses</td>
<td>45,011</td>
<td>40,032</td>
<td>362,700</td>
<td>354,402</td>
<td>702,884</td>
</tr>
<tr>
<td>Depreciation</td>
<td>278,333</td>
<td>258,333</td>
<td>1,590,000</td>
<td>1,549,999</td>
<td>3,100,000</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>1,251,525</td>
<td>1,337,371</td>
<td>7,769,023</td>
<td>8,177,312</td>
<td>16,339,177</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>(93,341)</td>
<td>(76,834)</td>
<td>1,471,533</td>
<td>1,007,348</td>
<td>1,487,266</td>
</tr>
<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>1,928</td>
<td>2,083</td>
<td>13,255</td>
<td>12,500</td>
<td>25,000</td>
</tr>
<tr>
<td>Other income</td>
<td>(68)</td>
<td>-</td>
<td>5,813</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(105,255)</td>
<td>(108,350)</td>
<td>(577,149)</td>
<td>(650,098)</td>
<td>(1,300,196)</td>
</tr>
<tr>
<td>Amortization expense</td>
<td>(1,874)</td>
<td>(3,750)</td>
<td>(12,255)</td>
<td>(22,500)</td>
<td>(45,000)</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td>(105,269)</td>
<td>(110,016)</td>
<td>(570,336)</td>
<td>(660,098)</td>
<td>(1,320,196)</td>
</tr>
<tr>
<td>Income (loss) before capital contributions and distribution</td>
<td>(198,610)</td>
<td>(186,850)</td>
<td>901,197</td>
<td>347,250</td>
<td>167,070</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>50,000</td>
<td>50,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Distribution to City of Henderson</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(400,000)</td>
</tr>
<tr>
<td>Change in net position</td>
<td>(148,610)</td>
<td>(136,850)</td>
<td>1,001,197</td>
<td>447,250</td>
<td>(132,930)</td>
</tr>
<tr>
<td>Net position, beginning of period</td>
<td>50,319,721</td>
<td>49,783,030</td>
<td>49,169,914</td>
<td>49,198,928</td>
<td>49,169,914</td>
</tr>
<tr>
<td><strong>Net position, end of period</strong></td>
<td>$ 50,171,111</td>
<td>$ 49,646,180</td>
<td>$ 50,171,111</td>
<td>$ 49,646,178</td>
<td>$ 49,036,984</td>
</tr>
</tbody>
</table>
Henderson Water Utility  
Statement of Cash Flows  
For the Six Months Ended December 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>December</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>$ 2,003,287</td>
<td>$ 9,780,513</td>
</tr>
<tr>
<td>Payments for goods and services</td>
<td>(377,277)</td>
<td>(3,050,743)</td>
</tr>
<tr>
<td>Payments for employees</td>
<td>(464,978)</td>
<td>(2,984,475)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>$ 1,161,032</td>
<td>$ 3,745,295</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** |                |                |
| Distribution to City of Henderson | -              | -              |
| Net cash provided (used) by noncapital financing activities | -              | -              |

| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** |                |                |
| Acquisition and construction of capital assets | (1,026,318) | (5,770,891) |
| Principal payments on long-term debt | - | (2,306,553) |
| Interest payments on long-term debt | - | (535,915) |
| Bond proceeds | 1,083,904 | 1,083,904 |
| Capital contributions | 50,000 | 50,000 |
| Net cash provided (used) by capital and related financing activities | $ 107,586 | (7,479,455) |

| **CASH FLOWS FROM INVESTING ACTIVITIES** |                |                |
| Investment and other income received | 1,808 | 20,184 |
| Proceeds from sales and maturities of investments | 918,424 |            |
| Purchase of investments | (29,506) | (176,360) |
| Net cash provided (used) by investing activities | (27,698) | 762,248 |

Net increase (decrease) in cash | $ 1,240,920 | (2,971,912) |
Cash, beginning of period | $ 4,815,414 | 9,028,246 |
Cash, end of period | $ 6,056,334 | $ 6,056,334 |
OPERATIONS REPORT
General Operations:

A. North WTP:

Treatment Quality:

1. All regulatory treatment goals were met.
2. Two water quality calls were received this past month.
   - Redbanks, 851 Kimsey Lane: Customer reported heavy calcium buildup having an adverse effect on hot water heaters. All chemistry analyses checked out acceptable. They have employed a plumber to investigate it on their end.
   - 2503 N. Elm: Customer advised of “oil” taste and odor. All chemistry analyses came back negative. The customer was informed to call back if the problem is detected again.
3. Our DOW State Certification for the laboratory for 2015 has been received. We will be audited in June of 2015.

Operations:

1. Chlorine Dioxide Generator Update: (Update): This project is complete and is all working well.
2. High Service Pumps: Galloway is working with our maintenance team to install new soft starts on the High Service pumps. The old ones are, well, old and have become unreliable. One is being installed on the pump that has failed the most often. The other one will be replaced next.
3. Personnel Update: Josh Thompson returned to work on 1/12/2015 from FMLA. He’s a proud father and is realizing that his work here wasn’t nearly as difficult and tiring as he thought it was!
4. Budget:
   a. Chemical expenditures were slightly over budget for the month.
5. Average water treated & water pumped data trend:

![Graph showing water treated and pumped data trend](image)

Note: These values are current readings, but the actual billed readings are approximately 45 days behind.

B. North WWTP:
Treatment Quality:

1. **Effluent Quality**: All regulatory treatment goals were met. However, there have been higher than normal levels of solids and E. Coli concentrations due to running a third blower on EAB2. This stirs things up a bit. We expect this to equalize without any problems.

2. **Biosolids Quality**: Related to the extra blower in EAB2, this has produced a higher quantity of sludge to be pressed. There have been problems with the sludge conveyor so this put us behind in getting sludge removed from the plant. With the warmer temps and the repair of the conveyor system, we expect to be back in good shape soon.

3. **Reports**: The Annual 503 Sludge Report is being compiled and will be ready by the end of the month to send to EPA. All results look good.

Operations:

1. **Plant Update**: Work is scheduled to begin on 1/22 for the installation of overhead doors at the sludge pad area. This will be a tremendous help during the extreme cold weather.

2. **Personnel**: There are two injured employees at this plant that have caused a great deal of coverage strain in operations. Joe Edwards is a sludge press operator and Greg Anderson is a plant operator. The Chief Operator has been covering operating shifts while an additional plant operator has been on vacation and we have moved a part time press operator to full time hours to help with coverage in press operations.

3. **Budget**:
   a. Chemical expenditures were under budget for the month.
   b. Fuel (Off-Road Diesel) was under budget for the month.
   c. Sludge Hauling and Disposal was under budget.

C. **South WTP**:

Treatment Quality:

1. All regulatory and in-house treatment goals were met.

2. Weather continues to create treatment challenges.

Operations:

1. **Sodium Chlorite Tank Update**: No Change: *Now that the NWTP has installed a working replacement of what was originally designed, work will proceed with installing the same here.*

2. **Personnel Update**: (UPDATE): Interviews were conducted for the WTO1 position and the process was initiated to extend a conditional job offer. This will put us back to full staff.

3. OSHA was on site on the 22nd to perform a mock inspection. We are awaiting the results of that. This was coordinated by the City and Jeremy advised that the SWTP would be the best of the four plants to inspect.

4. **Budget**:
   a. Chemical expenditures were under budget.
5. Average Treated & Pumped water trend:

Note: These values are current readings, but the actual billed readings are approximately 45 days behind.

D. South WWTP:

Treatment Quality:

1. **Effluent Quality**: All reportable treatment goals were met.

2. **Plant Update**: Cold weather has delayed sludge removal and hauling but at this time this has not resulted negatively. We have had enough storage space in the digester to adjust. Once the temperature increases, work will resume on making the necessary repairs to the other digester.

Operations:

1. **Personnel**: We have two operators who will be taking certification exams. Tim Raber will be testing for Class 4 license and Chris Bassett will be attempting to obtain a Class 1 license.

2. **Cross Training**: Cross training of some of the operators between the North and South Wastewater plant is going to begin soon. We are also going to get the operators training in the lab, either in-house or through Moss McGraw.

3. **Budget**:
   a. **Chemicals**: Chemicals were over budget this past month due to a polymer shipment delay that required us to place two orders in close proximity to each other.
   
   b. **Sludge Hauling & Disposal**: This was under budget this past month.

E. Pretreatment Program:

1. **Pretreatment & FOG Services**:
   a. Quarterly surcharges are set to go out in the next couple of weeks.
   
   b. The Annual Pretreatment DMR is being readied and will be submitted to DOW by the end of the month. We are waiting on chemistry results on the last round of 503 testing and sludge volumes from Hazex.

F. Automation Department:
1. We will be incorporating our CSO Monitoring System into our GIS with a publicly accessible website. This involves linking some database queries from SCADA to GIS. We anticipate having this done as time permits, depending on the timeframe of going live with Cityworks.

2. Personnel: One of our Automation Specialists, Gene Mackey, will be retiring at the end of March, 2015, after 16 years of service. Gene has a tremendous amount of institutional knowledge in a highly specialized field. In effort to capture as much of his knowledge as possible before he retires, we have been working with the City to hire a replacement. Unfortunately no one has passed the Automation Specialist exam. There have been two rounds of testing given. We are now in the process of requesting a waiver from the Civil Service Commission. If they approve the waiver we will begin interviewing.

3. We have captured several rainfall events with the six flow monitors installed within the Myrene Drive area. Data has been submitted to Wauford Engineering for analysis.

4. We are in the process of modifying the North Water Treatment Plant Filter operation so that continuous trending is delineated whenever a filter wash takes place. This should save the Chief Operators a considerable amount of time each month when preparing operations reports to file with the DOW. We will accomplish this by installing switches that are tied into SCADA where the database memory register can be monitored by WIMS. Industrial grade switches have been ordered and all cabling has been installed.

5. As part of our annual service agreement, we have received a significant upgrade to our Wonderware suite of products. This upgrade brings higher quality HMI design ability to maximize operator focus and increase situational awareness. We will be converting our treatment plant applications to the upgraded software as time permits.

6. New iPads for the treatment plants have been configured and are ready to deploy as soon as we receive protective cases. These iPads will provide the operators with a means to remotely access SCADA and respond to alarms, make adjustments, control conditions from anywhere on the campus.

7. The Janalee Drive PS upgrade is approximately 90% complete, from an automation perspective. We are continuing to work with the system integrator to finalize communications and HMI development. Issues with the flowmeter have been resolved. We have established permanent locations for the hydrostatic pressure transducer and the emergency floatball switch. The pump vendor integrator is making final logic changes to allow for our ultrasonic level transducer to serve as backup to the hydrostatic pressure transducer. The overall system integrator is finishing up with HMI control screens that we will import. The final step is to make adjustments to the IP addressing that will tie Janalee Drive PS into our existing secured SCADA LAN.
G. Customer Service:

**Customer Service Calls and Work Orders (NORTH):**
These are the customer calls we responded to and by no means represent all of the calls that came in. We provided the following services to customers last month:

<table>
<thead>
<tr>
<th>Water Line and Service Maintenance</th>
<th>Qty.</th>
<th>Sewer Line and Service Maintenance</th>
<th>Qty.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Main Repairs</td>
<td>2</td>
<td>Sewer Main Repairs</td>
<td>0</td>
</tr>
<tr>
<td>Water Service Line Repairs</td>
<td>3</td>
<td>Sewer Service Line Repairs</td>
<td>2</td>
</tr>
<tr>
<td>Water Meter Inspection</td>
<td>6</td>
<td>Sewer Manhole Repairs</td>
<td>2</td>
</tr>
<tr>
<td>Water Meter Changes</td>
<td>10</td>
<td>Sewer Main Cleaning</td>
<td>1</td>
</tr>
<tr>
<td>Water Meter Repair</td>
<td>9</td>
<td>Sewer Main Unblocking</td>
<td>3</td>
</tr>
<tr>
<td>Water Meter Disconnected</td>
<td>1</td>
<td>Sewer Overflow Calls</td>
<td>1</td>
</tr>
<tr>
<td>Water Meter Raised/Lowered</td>
<td>1</td>
<td>Sewer Backup Calls</td>
<td>13</td>
</tr>
<tr>
<td>Water Meter Box Cleaned</td>
<td>3</td>
<td>Sewer Odor Calls</td>
<td>1</td>
</tr>
<tr>
<td>Fire Hydrant Repairs</td>
<td>2</td>
<td>Sewer Service Line Locates</td>
<td>9</td>
</tr>
<tr>
<td>Low Water Pressure Calls</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Leak Calls</td>
<td>14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Quality Calls</td>
<td>3</td>
<td>New Services</td>
<td></td>
</tr>
<tr>
<td>No Water Calls</td>
<td>2</td>
<td>Water Taps</td>
<td>0</td>
</tr>
<tr>
<td>Shut Water off/Turn Water On Calls</td>
<td>16</td>
<td>Sewer Taps</td>
<td>1</td>
</tr>
<tr>
<td>Install Temporary Hydrants</td>
<td>0</td>
<td>Sewer Tap Locates</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Water Meter Installation</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stormwater Maintenance</th>
<th>Qty.</th>
<th>Miscellaneous Services</th>
<th>Qty.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storm line Repairs</td>
<td>0</td>
<td>Sink Hole Calls</td>
<td>0</td>
</tr>
<tr>
<td>Storm Intake Repairs</td>
<td>0</td>
<td>Inspect Misc. Items</td>
<td>15</td>
</tr>
<tr>
<td>Stormwater Flooding Calls</td>
<td>0</td>
<td>Smoke Test Lines</td>
<td>1</td>
</tr>
<tr>
<td>Clean/Unblock Intakes</td>
<td>41</td>
<td>Camera Inspect Lines</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pump Station Maintenance</th>
<th>Qty.</th>
<th>Regulatory Issues</th>
<th>Qty.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pump Station Repairs</td>
<td>0</td>
<td>Downspout Removal Letters Mailed</td>
<td>0</td>
</tr>
<tr>
<td>Pump Station Inspections</td>
<td>13</td>
<td>We have mailed out a total of 181 downspout</td>
<td></td>
</tr>
<tr>
<td>Pump Station Cleaning</td>
<td>0</td>
<td>letters to date.</td>
<td></td>
</tr>
<tr>
<td>Pump Station Maintenance</td>
<td>6</td>
<td>155 have complied and been inspected.</td>
<td></td>
</tr>
</tbody>
</table>
H. SOC General:

1. We continue to work on the new Asset Management Program. Timmons programmer that is working on the project is resigning and will probably be slowing down the process somewhat. Most of the work on the project is completed except for some testing and training so I don’t think it will be a huge impact. They have assigned us another programmer and will continue the process.

2. We were tentatively scheduled to have training on the new City Works the second week of February and go live with it the following week. Looks like now that will be pushed back to sometime in March.

I. Collection System:

1. The crews have been working on some water, sewer and stormwater repairs this month. Things are running smoothly this month in this area.

J. Distribution System:

1. Crews have been working on a few water leaks but things have been running smoothly this month.

K. Stormwater Phase II:

1. Our MS4 (Municipal Separate Storm Sewer System) permit requires us to “lead by example” by observing “Good Housekeeping for Municipal Operations.” Each calendar quarter, city-wide department heads or their designees perform detailed inspections of their facilities. The inspections help to insure that procedures are followed that will help safeguard the water in our rivers and streams.

   During the first part of January 2015, City-wide departments inspected their facilities and filled out a custom-created inspection questionnaire. The documents consist of 117 items in seven different categories, as follows:

   - Vehicle / Equipment Maintenance
   - Municipal Snow and Ice Removal
   - Parks / Open Space Maintenance
   - Materials Storage, Handling, Disposal
   - Street and Sidewalk Sweeping
   - Accidental Spills / Hazmat / Fueling / Waste Management
   - Administrative Considerations

   As is always the case, all of the city departments responded promptly with quality inspection reports.

2. Development of an MS4 program monitoring plan

   The Stormwater General Permit that covers all MS4 communities states the following:

   The permittee shall develop an appropriate monitoring program that evaluates the effectiveness of the MS4 program and provides feedback for the permittee to change or improve the stormwater quality management program appropriately. The MS4 program monitoring plan shall be submitted to the Division of Water for approval before the end of the permit period. The MS4 program monitoring plan, as approved by the Division of Water, shall be implemented in the following permit period.

   The current 5-year permit period is scheduled to expire on March 31, 2015.

   HWU staff is developing an MS4 program monitoring plan that meets the requirements of the permit. We will identify three “typical” sites, and then monitor stream quality immediately upstream and downstream from where runoff enters our MS4 conveyances. The sites include areas of commercial development, industrial development, and residential development.
L. Information System Department:

1. On our HACH WIMS (Water Information Management Software), we were given a database size upgrade from 4 GB to 10 GB. This is a savings of $2500.

2. In the process of adding more memory to our host servers on our Virtual environment. Should give us plenty of growing room.

M. GIS Department:

1. We are working on the new Cityworks Software to get our Asset information in the correct formats.

2. Our seasonal employee is off for 3 months now but will continue after that.

3. We continue to update GIS to reflect changes from recent construction projects and mapping projects.
### Henderson Water Utility
#### December 2014 Door Tags

<table>
<thead>
<tr>
<th>Date</th>
<th>Crew #</th>
<th>Address</th>
<th>Comments</th>
<th>Rodney's Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/3/2014</td>
<td>146</td>
<td>1029 N. Main St.</td>
<td>Workers were very courteous and knowledgeable. Took time to explain what was happening. Very positive experience. Thanks,</td>
<td></td>
</tr>
<tr>
<td>12/1/2014</td>
<td>124</td>
<td>1505 Wright St.</td>
<td>Main was clogged and knocked the clog loose. Take a while to drain.</td>
<td></td>
</tr>
<tr>
<td>12/11/2014</td>
<td>146</td>
<td>2002 Poplar</td>
<td>No comments.</td>
<td></td>
</tr>
<tr>
<td>12/11/2014</td>
<td>135</td>
<td>219 Barker Rd.</td>
<td>Thank you. We appreciate you keeping the sewers cleaned out; our basement is staying dry.</td>
<td></td>
</tr>
</tbody>
</table>

14 Service Request Tags Given Out
04 Work Order Tags Given Out
04 Door Tags Returned
ENGINEERING REPORT
Engineering Report
26 January 2015

1. North Wastewater Treatment Plant Upgrade Project
The North WWTP Improvements (Headworks) continues at an extremely slow pace due to the weather. At this point, it appears that construction will run 4 to 6 months past the original scheduled end date, which means completion in September or November 2015. Our Agreed Order deadline of 26 December 2017 means the only exposure for us will be the costs of the consultant’s construction engineering and inspection, which involves a person on site every day that work is performed. We will attempt to keep those costs to a minimum, but have the right to request that the contractor reimburse us through liquidated damages. The quality of the work is excellent and we have no qualms about that; just very slow progress. The contractor essentially shut down the job during the month of January.

We are under budget on this project, with only $80,000 of changes so far on a $10.2 million contract. I asked Wauford to get pricing on adding the equipment for a second grit removal train; we have designed the headworks to accommodate this, but did not purchase the equipment in an effort to keep costs down. The cost estimate is $650,000 for equipment and installation. We don’t need this equipment for the headworks to function, but it would be good to have a backup system. We will not be adding the second train at this time, but will plug that number in our strategic plan as a future capital expenditure.

We also identified additional work in the old clarifiers, and in the original digester building that does need to be done within the next few months. We are planning to split the additional items into at least a couple of small contracts, to be bid sometime this summer or fall. The clarifier work will be easier to do after the plant construction is complete, as we’ll then have a third clarifier to work with. Waste sludge pumps and some electrical work in the digester building can be bid at any time.

2. Janalee Drive Pump Station and Force Main Upgrade Project
Station has been running on two new pumps since mid-November. Cutting and capping the old Janalee force main pipe was completed on 6 January, and required a great deal of coordination and teamwork, as most of our collection system had to be shut down to make the final cuts, but it went off without a hitch.

At this point, we expect substantial complete around the time of the January Board meeting, with minor items like fencing and seeding taking place in the spring. We may take paving of the parking area out of the contractor’s scope due to the lateness of the season, and will perform that under the City’s paving contract, next
summer. We’re also adding some drainage work in the parking area, to address concerns voiced by the neighbors, who, by the way, have been very good at putting up with the ongoing disruption.

3. **North Water Treatment Plant – Rehab and Basin Repair Project:**
   Design for the critical improvements (flash mix repair, basin modifications, and leak repairs) is well-along, with 50% plans received and reviewed, and final plans due in February. Bidding of the first phase of the project will likely be in the March/April timeframe, so that costs can be considered in our upcoming budget cycle. Timing of the construction will be arranged to accommodate increased need for water production in the summer months, which will stretch out the completion time by some amount; a preliminary schedule to accomplish this will be included in the bid documents. Staff has been pleased with the work of Clark Dietz on this project so far.

4. **Myrene Drive Sewer Pump Station:**
   A complete investigation of all the pump stations in the Atkinson Park sewer-shed is included in this study. Additional flow monitoring within the Myrene Drive sewer-shed has been performed by our staff; we are attempting to locate what appears to be sizeable inflow during rainfall events. Preliminary report from Wauford delivered, has been reviewed by staff, and we have returned it for some revisions. It is clear from this review that the Atkinson Park pump station is overdue for renovation, and we are having Wauford produce an estimate of those costs for inclusion in our strategic plan, which will include options to renovate the station similar to the Janalee project, or to replace the station with a completely new station with submersible pumps, at a nearby location. The current location next to the Park entrance road is cramped and a traffic/safety hazard. The station is also approaching 60 years old. It’s good to save old structures when it makes economic sense, but at some point, a whole new approach may be warranted. Another project identified in this report is a “temporary” pump station at the end of Spruce Drive that’s over 20 years old, which could be eliminated with a project to lay 800 feet of sanitary sewer. That will be another strategic plan project for future consideration.

5. **Riverport Water Line Loop – Mosaic Phase:**
   Project is a cooperative one between us and a local industry, and will enhance fire protection and advance our ultimate plans for this portion of our distribution system. We received bids for materials on October 10th, but delayed award of that bid until an easement and a cost-sharing agreement with Mosaic were finalized. Construction started on 15 December, and is set to run to 15 February. Taking great pains to make sure this line is located on the easement we’ve negotiated with Mosaic, which has now been signed. The easement includes provision for eventual extension of this line further to the west. We have not recorded the easement as yet; it must be marked with iron pins prior to recording, and rather than mark it twice (since construction would probably obliterate the pins) we’re holding the easement for recording once the work is complete.

The site is a muddy, awful mess. Crews have encountered lots of ground water, as we expected.
6. **South Water Treatment Plant – Rehab Project:**

Contract signed to move forward with design of work at this plant in the coming fiscal year. Draft of new agreement with Big Rivers has been reviewed with them, and we are moving forward with minor changes to the document in anticipation of having something for Board action soon. Had a useful and agreeable meeting with Big Rivers staff in late November. Wauford has begun surveying on the power plant site to begin the more detailed design process. Unknown locations of some utilities on the site will lead to us including a larger than normal contingency in this project budget.

We have received approval of the Preliminary Engineering report from KDOW, a big step forward in this process, which allows us to submit the final plans for the phased projects under that report, for quicker approval.

One part of the upgrade project that we need to discuss is the membrane treatment equipment. The size and extent of this equipment is different from manufacturer to manufacturer, and those variations have an impact on the design of the building that houses them. We will issue an RFP for this equipment, chose a manufacturer, and have that company set up a pilot plant that will confirm the choice of the equipment. Our RFP will include an option to purchase the membranes at a fixed price for 5 years. This will allow us to complete the plant upgrade design and submit the plans to KDOW for approval. That’s as far as that process will go, at this time, but that will position us to pull the trigger on an upgrade, should that become necessary due to problems at the existing plant, or location of a large industrial water user.

7. **Frontier Tank Rehab and Painting Project:**

Kickoff meeting held on 5 January. We will time the bidding for March, with painting starting in June or July. That fits into our capital planning, which anticipates the first payment to the contractor next fiscal year. We will be making some safety upgrades to the tank as part of the project, including upgrading handrails on the “balcony” walkway around the tank. Project will also provide additional venting, access and handrails on the tank for safety of personnel who maintain the tank and the SCADA/antenna equipment mounted at the top. The work will also include complete containment of the tank during all phases of painting, due to lead-based paint, and the presence of houses very close to the tank site.

8. **US 60 West Water Booster Station (South Pressure Zone):**

We have finalized plans for this water booster station and the associated water line connections, which will be located on US 60 West near the Fairmont wastewater pump station at the South extremity of the cemetery. The foundation will be constructed in a manner that will allow us to replicate the Atkinson Park Booster Station building in the future, when funding is available. Has received KDOW approval, and is awaiting procurement of materials and time in the crew schedule.

9. **Bobby Gish (Admin) Building Roof:**

We chose Hafer Associates of Evansville to assist us in replacing or repairing the roof on the Admin Building, and making some minor exterior repairs to the building, which is 24 years old and in need of some work. Initial meeting held on 7 October. We will bring any proposed repairs back to the Board for authorization. We also are replacing carpet and adding some tile flooring in high traffic areas.

10. **Work Order Management System - Cityworks:**

Work is nearly complete for this new system to replace our out-dated Hansen asset management system (AMS). The implementation consultant (Timmons Group) was here for the start of wide-ranging work during the second week of September, and again the last week of October. We hope to “go live” with this system in February. The consultant is well ahead of schedule because we had more information available, and in better condition, than they expected. This system is vital for tracking our work, keeping up with expenses, and allocating costs to the contractual customers based on where work is performed.
11. Cooper Park Stormwater Project:
The City applied for and received a grant for this project to address stormwater issues in an older subdivision north and east of Clay Street and North Fork Canoe Creek. We have prepared plans and forwarded them to the City for discussions with KY EMA about the method of solving the problem, which is a change from the original plan. We have included some additional work in this neighborhood that will be above and beyond the work in the grant project, including upgrading a water line, which makes sense while we have the street torn up. We have prepared easements for the line from this neighborhood to the North Fork Canoe Creek, and will be talking to property owners soon. Pipe for this project will be the reclaimed pipe from the relocation of the North Fork force main.

12. Highway #41A South/Finley Addition Sewer System Project:
The County took bids in December, and awarded a project at the Fiscal Court meeting on the 13th. The project that is to be constructed at this time is the portion along US 41A, and on Springfield and Winchester Drives. The other portions of the project are unfunded at this time.

The County has asked that we perform the Resident Engineer functions on this project, in order to save some of their funds that can then be spent on the project. We were planning to have a construction inspector on site with their consultant’s representative, to insure that the construction met our standards, so adding the duties of construction inspection, approving pay estimates and holding meetings will not be a big additional workload for us. With your approval, we will submit a letter-form agreement to the County, spelling out our duties and taking over this work, which should last through the summer.

13. Countryview Subdivision Stormwater Project:
We have a joint project in the current budget to begin provision of storm sewers in this neighborhood, and had thought we could do the design engineering in-house. Due to workload, that hasn’t happened. With the City’s concurrence, we issued an RFP for a consultant to do the work of providing plan documents. It’s likely this will stretch over several years, and the construction may be performed with our own forces. Task order for the work has been signed with Clark Dietz.
HUMAN RESOURCE REPORT
**Staffing Levels:**

1. Automation Specialist [1 position]: No one passed exam on December 11 or January 8; exam waiver request is in process.
2. Utility System Worker II [1 position]: New register forwarded to HWU staff January 14.
3. SWTP Water Treatment Operator [1 position]: Background and reference checks are in process.
4. Environmental Compliance & Pretreatment Coordinator [1 position]: Register forwarded to HWU staff; position on hold per HWU management.
5. SOC Maintenance Technician II [3 positions]: 3 employees promoted January 5th.
6. SWTP – Seasonal Maintenance Worker [1 position]: Staffing agency supplied person that started January 9th.
7. SOC – Temporary Secretary [1 position]: Staffing agency supplied person that started December 15th.
8. Seasonal Treatment Intern [2 positions]: No request for action.
10. SOC – Seasonal Worker [2 positions]: No request for action.

**Safety Report (as of 12/31/2014):**

<table>
<thead>
<tr>
<th>HWU</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours Worked</td>
<td>155,072 + 12,316</td>
</tr>
<tr>
<td>Total Cases</td>
<td>8 + 1</td>
</tr>
<tr>
<td>Days Away/Restricted Time Cases</td>
<td>6 + 1</td>
</tr>
<tr>
<td>Days Away From Work Cases</td>
<td>3 0</td>
</tr>
<tr>
<td>Actual # Days Away From Work</td>
<td>14 0</td>
</tr>
<tr>
<td>Transfer/Restricted Cases</td>
<td>3 + 1</td>
</tr>
<tr>
<td>Actual # Days Restricted Duty</td>
<td>68 + 60</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Incident Rates</th>
<th>HWU</th>
<th>Change</th>
<th>2012 NAICS 2213</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Recordable Rate</td>
<td>10.32 + 0.51</td>
<td>2.8</td>
<td></td>
</tr>
<tr>
<td>DART Incident Rate</td>
<td>7.74 + 0.74</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>DAFW Rate</td>
<td>3.87 + 0.33</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>Trans / Restrict. Rate</td>
<td>3.87 + 1.07</td>
<td>0.6</td>
<td></td>
</tr>
</tbody>
</table>

- 2012 NAICS is the classification for Utilities: Water, Sewage, and other systems
- DART = Days Away, Restricted, or Transferred
- DAFW = Days Away From Work
- How incident rates are calculated: ([# Cases] x 200,000) / Employee Hours Worked
- Change data compared to data at the end of the previous month.

- One recordable incident in December.
- Comprehensive fixed facility safety audits of the North Water Treatment and North Wastewater Treatment buildings were conducted in December. Some minor issues found at NWTP were corrected immediately and a work order was issued for a few other minor ones. A few minor issues at NWWTP were also corrected immediately and a work order placed to correct the other minor issues. Both locations were last audited in October 2014. There was one repeat issue identified during the NWWTP audit regarding a grinder. However, it was noted the grinder is inoperable and will be scheduled to be discarded.

**Other:**

- Upcoming City-wide training is planned in the coming months
  - Annual Drug & Alcohol training occurred on December 9, 10 and 11
  - Supervisor Safety Training Day was scheduled for January 14 at HCC
- Kentucky OSH is scheduled to be onsite January 22nd and possibly the 23rd
- A work zone (basic flagger) safety class is being scheduled for late spring
A. Safety Committee:

The monthly safety committee meeting was held not held in December due to Holidays and vacation conflicts.

B. Training

Training performed in December:

1. Safety meetings are continuing for the crews at the SOC.

2. Lock Out/ Tag Out, Confined Space, and Trenching and shoring training was held with one new employee.

3. Fork Lift training was held for the part time press operator at the NWWTP.

C. Safety Inspections:

1. Administration Building
   - There were no issues noted during site visits.

2. Systems Operation Center (SOC):
   - There were no issues noted during site visits.

3. WTP North:
   - See facility audit below.

4. WWTP North:
   - See facility audit below.

5. WTP South:
   - There were no significant safety issues found during periodic site visits. These visits unlike the complete audits below may not cover every area of the facility on
the day visited. Site visit dates in December were on the 1st, 3rd, 9th, 15th, 17th, 22nd, 30th, and 31st.

6. WWTP South:

- There were no significant safety issues found during periodic site visits. These visits unlike the complete audits below may not cover every area of the facility on the day visited. Site visit dates in December were on the 1st, 3rd, 9th, 15th, 17th, 22nd, 23rd, 30th, and 31st.

7. Water Distribution/ Collection System:

- There were no safety issues with employees observed during safety site visits and proper PPE and signage was being used.

D. Comprehensive Safety Audits:

1. North Water Treatment Plant:

   There were a few minor issues noted all of which were corrected during the audit.

2. North Waste Water Treatment Plant:

   There were a few minor issues during the audit. These are in the process of being corrected.

E. Recordable Injuries:

1. There was one recordable injury in December with no lost time. A prior injury involving a sludge press operator that occurred in November will become a lost time accident. The injury is now requiring a procedure that will result in a few days away from work.

F. Misc.:

1. Annual required inspections of fire extinguishers were performed by Koorsen’s at both South Treatment Plants.
I went with the Kentucky OSHA person to the South Water Treatment Plant to do a courtesy audit of the facility. We met Nancy and Jeremy and were escorted through the facility. As we went through the facility, Nancy and Jeremy, in explaining the safety issues and how they have been addressed, completely impressed the KY OSHA representative. In their explanation of the issues, they answered questions the representative had not asked yet.

At one point she asked Nancy “Do you check the eye wash station on a monthly basis.” Nancy said “No, ANSI says it needs to be done on a weekly basis and that is what we do. We have the documentation for that if you want to see it.” I laughed internally. Later, I showed the representative a laminated post-card size statement next to an eye wash detailing the ANSI standard as well as a requirement that it be documented.

On our way back to town, the KY OSHA bragged on how well the facility was maintained and on the knowledge and dedication of Nancy and Jeremy on effectively addressing any safety issue that had arose.

The KY OSHA rep. enjoyed the tour and enjoyed how Nancy shared with her how the plant operates. She said this was the best maintained (from a safety/housekeeping standpoint) water treatment facility she has ever seen, she said she had been to quite a few. She could also tell how much Nancy loves/dedicated to her job and is the best at it.

Kudos to them both.
GENERAL MANAGER’S REPORT
General Manager Report
26 January 2015

HWU Policies

This month we are submitting a policy that specifies how we will finance and construct extensions to our water and sewer systems. We had an old policy dating from 2003 that dealt with this, but this version is shorter, simpler and easier to understand, and in our new format. Having this policy in place is a requirement of KRS, even though this happens very rarely.

There are two ways extensions can come about: either we (HWU) would instigate an extension into an area that needs service, or a developer or group of citizens would request an extension. In either case, future connections to those extensions would require some offset of the original cost of the extension, in the interest of fairness.

Also attached is a policy that specifies how we handle and protect personal information in digital and paper formats. This is required by HB 5 from the 2014 General Assembly (KRS 61.932), and does not impact us to a great degree since we do not store customer information related to billing (the City does that for us). We do have some pertinent items (tax ID numbers for vendors, for instance), and we’ve begun a process of culling and disposing as much as we can of old files, so that we have less of it around. Unfortunately, some of the payroll information we have from back in the day when we did our own payroll has a 70 year retention time, per the State’s document retention policy, so even some useless information we have sitting around will be here for a good while longer.

Rental Property

We leased the house next door (123 Fifth Street) for a one year term starting 1 January. Made some plumbing repairs and purchased a refrigerator and stove, but the house is generally in good condition. In the coming year we will make a few additional improvements to the kitchen, and the garage needs painting, which will be on our Spring Cleaning list.

In the midst of this change, we also generated an SOP that deals with property maintenance (lawn care, pest control, HVAC maintenance, repairs, and cleaning) at all our locations, to clarify who’s responsible for what. Kathy Ambrose is taking on some additional duties in this area.

Admin Building Carpet/Tile

As you no doubt noticed, we had some carpet and tile work done last weekend over the holiday, as well as rearranging the front offices. As with the rental house, part of the cost of doing business is keeping up repair of what we have. Results look very good.

Regulatory Items

No noticeable progress in the last two months on the KPDES permits for the wastewater plants. We have no other regulatory matters outstanding at this time, save for an MS4 monitoring plan that is due in April.
1.0 POLICY STATEMENT:

KRS 96.539 requires municipally-owned utilities to develop rules to govern extensions of service to unserved customers and areas. This policy establishes Henderson’s methods for financing and facilitating the extension of water and sewer facilities when and wherever, in the opinion of HWU, such extensions are warranted. This policy supersedes and voids any previously adopted policy or procedure for extensions, assessments and reimbursements.

HWU encourages the orderly extension of water and sewer lines within its service territories. The timing of finance and construction of any extension of water or sewer service lines is solely reserved to HWU’s discretion. All water or sewer facilities constructed under this policy shall be built to current HWU technical standards and specifications, and shall be inspected and tested in accordance with those standards and specifications prior to acceptance.

HWU will utilize two methods of financing extensions:

- **Assessments** against individual properties under KRS 91A or KRS 107 will be used when lines are extended into populated areas when HWU initiates and finances the project, and where most of the users may be connected upon completion of the project.

- **Reimbursement** of the costs of extensions will be used where line extensions are instigated by developers, contractors or other parties, and in instances where lines pass through un-developed properties that may connect to the line extension in the future. Reimbursement may be made in a one-time, lump-sum payment or by partial payments as connections are made.

The amounts of assessments and reimbursements shall be based on the entire cost related to the improvements, including planning, design, property or easement acquisition costs, material costs, construction expenditures, legal fees, financing costs, and publication expenses.

2.0 PROCEDURES:

2.1 **Assessments:** HWU will generally use assessments for HWU-initiated water and/or sewer system extensions in developed but unserved areas where benefited properties are easily identifiable, and where the properties benefited can be connected to the extension upon completion of the project. Assessments will generally not be used in areas that are currently undeveloped.

2.1.1 **Statutory Authority:** KRS 91A and KRS 107 address the procedures that must be followed when assessments are to be placed on benefited properties. In general, when financing water and/or sewer system expansions through assessments, HWU will use the procedures required by KRS 91A, which are simpler to implement.
2.1.2 Summary Procedure: KRS 91A requires the cost of the improvements to be apportioned equitably on a fair basis. The procedures required by KRS 91A are:

- The preparation of a comprehensive assessment report;
- A public hearing on the report with notice published pursuant to KRS Chapter 424 and mailed to each property owner by certified mail, return receipt requested;
- An ordinance recommended by the Water and Sewer Commission and adopted by the Board of Commissioners of the City of Henderson with publication pursuant to KRS Chapter 424; and,
- Delivery to each affected property owner of a notice of determination to proceed with the project, by certified mail, return receipt requested.

2.1.3 Fair Basis of Assessment: Assessments for improvements may be based on several methods under KRS 91A, including apportionment by assessed value, front footage, area of the parcel, or benefits received. The basis of assessment shall be specified in the comprehensive assessment report, shall be the same for all properties included in any particular project, and shall be applied to property owned by government, education, religious or charitable organizations as required by KRS.

2.1.4 Protests: KRS 91A allows a property owner to contest the undertaking of the project by special assessment, inclusion of a property in the assessment, or the amount of an assessment. HWU may proceed with the improvements with respect to any properties whose owners have contested only the amount of their assessments. For those property owners contesting other than the amount of the assessment, HWU may proceed with the improvements after favorable judgment by the Circuit Court.

2.1.5 Method of Payment and Financing: Assessments will be estimated in the comprehensive assessment report. Final assessments will be calculated based on final actual costs. HWU may provide for lump sum or installment payment of assessments by users, or other financing arrangement approved by the Water and Sewer Commission. The assessments may also become liens on the benefited properties.

2.2 Reimbursements: Reimbursements may be used for all extensions for which assessments are not used. There are generally two types of such extensions:

- Extensions initiated by a developer as a result of the development or subdivision of land, or requested by property owners, where in either case other users might connect at a future date.
- Extensions initiated by HWU that serve properties that will develop in the future.

2.2.1 Developer- or Property-Owner-Initiated Extensions: Developers or property owners desiring the construction of extensions to connect to the HWU systems shall first contact HWU in order to determine project scope, proper sizes and capacities of the lines and systems to be constructed, the basis of reimbursements, and other matters.

i. When such an extension could serve other properties in the future, HWU may require lines and appurtenances to be increased in size or deepened for future
capacity needs or future extension. Costs incurred to accommodate future needs will be equitably split between the initiator(s) of the project and HWU by mutual agreement. The costs to upsize or deepen a line will consist of the difference in construction costs. Where cost sharing is necessary, Water and Sewer Commission approval is required.

ii. Cost-sharing or reimbursement shall not apply to facilities required solely to serve the subject property, development or subdivision, or to tap or connection fees within a development or subdivision.

iii. Once a privately-initiated line extension is accepted into the HWU system, reimbursements may be required from others who may connect to the line within a specified future term. A Reimbursement Agreement may be negotiated between the initiating parties and HWU during the project design and review process. Such Agreements shall have a term not to exceed 10 years from the date of acceptance of the extension into HWU’s system. Reimbursements shall be calculated on a fair basis of assessment, as detailed under section 2.1.3 above, and details of the reimbursements (initiating party costs, payment terms, interest accrual, etc.) shall be specified in the Reimbursement Agreement. HWU will remit future amounts due to the initiating parties at the addresses on file, upon receipt. It is the responsibility of the initiating parties to maintain a valid address on file and to notify HWU of any change.

2.2.2 Extensions Initiated by HWU: From time to time, HWU may determine that a water or sewer system extension is feasible and desirable to serve existing or future growth. In those cases, HWU will fund the design and construction of such extensions.

i. At the end of construction, all costs shall be tabulated. The Water & Sewer Commission may then determine that all or a portion of the costs of such extension should be subject to reimbursement from properties benefitted by such extension, as those properties connect to the HWU systems.

ii. Reimbursement amounts shall be calculated on a fair basis of assessment, as detailed under section 2.1.3 above.

2.3 When reimbursements are to be collected from properties upon future connection to an extension, the amounts of those reimbursements shall be advertised in the local newspaper, and shall be recorded in the Miscellaneous Book in the Office of the Henderson County Clerk in order to allow prospective purchasers of property, title examiners, and other interested persons to determine from the public records the amount of reimbursement applicable to a particular piece of property upon connection to the HWU system. Once established, the reimbursement required for a given extension shall be applicable for a ten year period from the date of acceptance of the extension into HWU’s systems.

2.4 Approval of the Board of Commissioners of the City of Henderson is required before any property outside the corporate limits of the City can be connected to the HWU wastewater system.
3.0 RESPONSIBILITY:

Engineering and Operations staff are responsible for planning and design of extension projects initiated by HWU, for preparation of the comprehensive assessment report required for assessments and reimbursements, and for review of plans for developer/contractor/other-initiated projects.

The Chief Financial Officer is responsible for the calculation and coordination of reimbursement payments, with input from Engineering and Operations staff on fair assessment means and methods.

The General Manager is responsible for overall coordination of this process.

APPROVED:

________________________ Date: _________

Tom Williams, P.E.
General Manager
1.0 POLICY STATEMENT: The purpose of this policy is to provide guidance to HWU personnel to minimize the risk of improperly disclosing personal information, and to set practical guidelines for effectively responding to security incidents pursuant to KRS 61.932 (HB 5), in order to:

1) Identify vulnerabilities in the storage of personal information, and eliminate or mitigate those vulnerabilities;
2) Recognize when an incident has occurred;
3) Notify appropriate personnel in the event of an incident;
4) Respond to information security threats; and
5) Recognize events that require special handling due to their potential impact or special reporting due to legal or other concerns.

This policy requires HWU personnel to enact appropriate measures to protect personal information stored on both digital and non-digital media, during the entire term of its use, until its destruction in accordance with the records retention and destruction policy.

2.0 PROCEDURES: Personal information stored on non-digital media shall be physically controlled and securely stored in a manner that ensures that the media cannot be accessed by unauthorized individuals. Methods may include storage in locked cabinets and drawers, or in locked rooms, if unauthorized individuals could gain unescorted access to areas where personal information is stored.

Personal information stored in an electronic format shall be protected from access by unauthorized individuals by means of software that prevents unauthorized access. If personal information is transmitted via e-mail or other electronic means, transmission must use appropriate encryption mechanisms.

2.1 Definitions:

“Computer security incident” or “incident” means a violation or imminent threat of violation of computer security policies, acceptable use policies, or standard security practices.

“COT” means the Commonwealth Office of Technology.

“Digital media” means physical, electronic media used to store information, including but not limited to: diskettes, magnetic tapes, desktop computers, laptops, hard drives, random access memory, read only memory, compact discs, network equipment, other forms of optical and magnetic media, and any other electronic media on which information may be stored. This definition includes forms of media existing at the time these regulations are promulgated and also any such forms or formats subsequently invented.

“Non-digital media” means a hard copy or physical representation of information, including, but not limited to, paper copies, microfilm, and other forms of preserved or preservable information.
“Personal Information” means an individual's first name or first initial and last name; personal mark; or unique biometric or genetic print or image, in combination with one (1) or more of the following data elements:

1) An account number, credit card number, or debit card number that, in combination with any required security code, access code, or password, would permit access to an account;
2) A Social Security number;
3) A taxpayer identification number that incorporates a Social Security number;
4) A driver’s license number, state identification card number, or other individual identification number issued by any agency;
5) A passport number or other identification number issued by the United States government; or
6) Individually identifiable health information as defined in 45 C.F.R. sec. 160.103.

“Portable computing device” means electronic devices on which personal information is stored, or may be stored, designed, used or intended to be used in multiple physical locations or capable of being used while traveling, such as laptops, tablet computers, personal digital assistants (PDAs), digital cameras, portable telephones, and similar devices.

All terms not otherwise defined are used consistent with the definitions set forth in KRS 61.932.

2.2 **Point of Contact**: HWU shall name a Point of Contact (POC), who shall:

1) Maintain and update this Information Security Policy and be familiar with its requirements;
2) Ensure HWU employees and others with access to personal information are aware of and understand the Information Security Policy;
3) Be responsible for ensuring compliance with the Information Security Policy;
4) Serve as contact for inquiries from other agencies regarding its Information Security Policy and any incidents; and
5) Be responsible for responding to any incidents.

2.3 **Types of Incidents**: Threats to the security of personal information arise in many different ways. Attacks on personal information may arise from:

1) External/Removable Media: An attack executed from removable media (e.g. flash drive, CD) or a peripheral device.
2) Attrition: An attack that employs brute force methods to compromise, degrade, or destroy systems, networks, or services.
3) Web: An attack executed from a website or web-based application.
4) Email: An attack executed via an email message or attachment.
5) Improper usage: Any incident resulting from violation of an organization’s acceptable usage policies by an authorized user, excluding the above categories.
6) Loss or Theft of Equipment: The loss or theft of a computing device or media used by the organization, such as a laptop or smart phone.
7) Other: An attack that does not fit into any of the other categories.
2.4 **Software**: Security software used to protect personal information must provide user identification, authentication, data access controls, integrity, and audit controls. Security software should be adequately tested to confirm functionality and to ensure that it is minimally disruptive to all associated operating systems, communications, applications, and other associated software systems. Supplier’s software, by design or configuration, shall not introduce any security exposures. The level of protection afforded by security software should be commensurate with the sensitivity of the data. i.e., if data resides in a database that is deemed highly confidential, stringent access controls to the database should be employed. The level of protection along with the methods to implement that protection should be addressed and documented before any personal information is stored on a device. Systems, networks and application software used to process personal information must adhere to the highest level of protection reasonably practical, and shall use Intrusion Detection and Prevention software approved by the Commonwealth Office of Technology (COT). A list of approved software is available on the COT website. HWU may use software not approved by COT provided that such software provides comparable or superior protection.

2.5 **Encryption**: Information stored on digital media shall be encrypted in accordance with contemporary standards, in a manner that renders the data indecipherable without the associated cryptographic key to decipher the data.

2.6 **Access Control**: Only authorized individuals are permitted access to media containing personal information. In addition to controlling physical access, user authentication should provide access-audit information. Any access must comply with applicable regulatory requirements.

2.7 **Portable Computing Devices**: The unnecessary placement (download or input) of personal information on portable computing devices is prohibited. Users who in the course of business must place personal information on portable computing devices must be made aware of the risks involved and impact to the affected person/entities in the event of actual or suspected loss or disclosure of personal information. If personal information is placed on a portable computing device, reasonable efforts must be taken, including physical controls and encryption, to protect the information from unauthorized access. Additionally, each person using the portable computing device must sign a form indicating acceptance of the information and acknowledging his/her understanding of the responsibility to protect the information. In the event the portable computing device is lost or stolen, HWU should be able to accurately recreate the personal information and must be able to provide notification to all affected persons/entities.

When it is determined that personal information must be placed on a portable computing device, every effort should be taken to minimize the amount of information required. If possible, information should be abbreviated to limit exposure (e.g., last 4 digits of a social security number).

2.8 **Physical Security Procedures**: Department Heads are responsible for determining what non-digital media is in each department and determining the appropriate measures to ensure
that non-digital media is protected from physical security needs and threats, such as natural disasters, electrical outages, fire, or other physical threats to personnel or an information resource. If a Department Head determines that the department does not have non-digital media with personnel information in its possession, then he should provide a statement to that effect to the POC. The Department Head is responsible for keeping the POC aware of any changes in the personal information that it keeps.

The POC shall determine the appropriate measures to ensure that digital media is protected from physical security needs and threats, such as natural disasters, electrical outages, fire or other physical threats.

2.9 **Protection of Personal Information**: HWU shall secure and, when applicable, appropriately dispose of non-digital media. Non-digital media containing personal information must be properly stored and secured from view by unauthorized persons, and individual employees are responsible for security of personal information in their possession or stored within their workspaces or on their electronic devices. Security measures will be employed by HWU and all permissive users to safeguard personal information contained on all of HWU’s technology resources.

2.10 **Destruction of Records Containing Personal Information**: A media retention schedule has been defined for all media in accordance with regulatory requirements, consistent with the Kentucky Department of Libraries and Archives General Records Retention Schedule for State Agencies.

When records containing personal or confidential information are ready for destruction, HWU shall destroy the information completely to ensure that the information cannot be recognized or reconstructed, in accordance with the document/information retention policy. In addition, any personal or confidential data contained on computer media must be obliterated and/or made indecipherable before disposing of the tape, diskette, CD-ROM, zip disk, or other type of medium.

The methods set forth below to routinely destroy personal or confidential information are listed in priority order with the most highly recommended safeguard listed first. One of the following safeguards must be implemented:

1) Hire a document disposal contractor to dispose of the material. The contractor should be certified by a recognized trade association and should use disk sanitizing software and/or equipment approved by the United States Department of Defense. The POC shall review and evaluate the disposal company’s information security policies and procedures, including an independent audit of a disposal company’s operations and/or its compliance with nationally recognized standards.

2) Secure and utilize shredding equipment that performs cross-cut or confetti patterns.

3) Secure and utilize disk sanitizing or erasing software or equipment approved by the United States Department of Defense.

4) Modify the information to make it unreadable, unusable or indecipherable by any means.
2.11 **Reporting of Incidents Involving Personal Information**: HWU will make known a security breach in which personal information is disclosed to or obtained by an unauthorized person. Notification of the incident will be made in the most prompt and expedient manner after the incident has been discovered. Within thirty-five days, a letter notifying affected individuals of actual or suspected loss or disclosure of personal information must be sent by HWU, describing the types of information lost and recommended actions to be taken to mitigate the potential misuse of their information.

Additionally, within three business days HWU will notify Kentucky State Police, the Auditor of Public Accounts, the Attorney General and the Commissioner of the Department for Local Government and complete form COT-F012, documenting the following:

1) Preliminary Reporting and description of the incident;
2) Response, including evidence gathered;
3) Final Assessment and corrective action taken; and
4) Final Reporting

2.12 **Investigation**: HWU will make reasonable efforts to investigate any security breaches in which personal information is disclosed to or obtained by an unauthorized person and shall take appropriate corrective action.

2.13 **Disclosure Communications**: HWU will comply with all federal and state laws and policies for information disclosure to media or the public. In some circumstances, communication about an incident is necessary, such as contacting law enforcement. HWU will use discretion in disclosing information about an incident. Such information includes network information, type of incident, specific infection type (if applicable), number of assets affected, specific detail about applications affected, applications used to employ corrective action/investigate, etc. The POC may proactively share relevant incident indicator information with peers to improve detection and analysis of incidents. Within the parameters of the law, minimal disclosure regarding incidents is preferred to prevent unauthorized persons from acquiring sensitive information regarding the incident, security protocols and similar matters, in an effort to avoid additional disruption and financial loss.

2.14 **Agreements with Non-Affiliated Outside Parties**: For any Agreement with an outside, nonaffiliated party (persons, agencies, or companies) that HWU enters into or modifies on or after 1 January 2015, where personal information will be provided to that outside party, then the Agreement shall require that the nonaffiliated party implement, maintain and update security and breach investigation procedures that are appropriate to the nature of the information disclosed, that are at least as stringent as this policy, and that are reasonably designed to protect personal information from unauthorized access, use, modification, disclosure, manipulation or destruction. The Agreement must provide that the nonaffiliated party must notify HWU in the most expedient time possible and without unreasonable delay, but in all cases within seventy-two (72) hours of determination of a security breach relating to HWU-provided personal information. A delay in notification may be allowed if law enforcement notifies the nonaffiliated outside party that notification will impede a criminal investigation or jeopardize homeland or national security (see KRS 61.932(2)(b)(2)). The
notice to HWU shall include all information in regard to the security breach at the time of notification. The Agreement must specify how the cost of the notification and investigation requirements under KRS 61.933 will be apportioned when a security breach has occurred.

3.0 RESPONSIBILITY: Department Heads shall ensure that all personnel are familiar with and comply with the Information Security Policy, and that only authorized personnel may hold and have access to personal information.

Department Heads shall also be responsible for developing their department’s physical security procedures, which may include appointing a subordinate as POC for their Department for non-digital media. The Department POC will report changes to the Department’s policies, any changes in the Department’s keeping of personal information, and any possible breaches to the HWU Point of Contact (Information Systems Manager).

The HWU Information Systems Manager shall be the Point of Contact for digital media in all Departments.

Individual employees are responsible for security of personal information in their possession or stored within their workspaces or on their electronic devices.

APPROVED:

_______________________ Date: ____________
Tom Williams, P.E.
General Manager
BUSINESS

- Resolution 2015-01 – Intention to Seek Sealed Bids on Surplus Real Property At 1730, 1732, & 1734 Roosevelt Street

- Election of Officers
HENDERSON WATER AND SEWER COMMISSION
RESOLUTION OF THE BOARD OF COMMISSIONERS

Resolution No. 2015-01
Intention to Seek Sealed Bids on Surplus Real Property
At 1730, 1732 & 1734 Roosevelt Street

The following Resolution was duly adopted by the Board of Commissioners of the Henderson Water & Sewer Commission at a regular meeting held on Monday, 26 January 2015, at which meeting a quorum was present.

WHEREAS, the Henderson Water Utility operates and maintains wastewater treatment and collection facilities serving the City of Henderson and Henderson County; and

WHEREAS, in 2010 the Henderson Water Utility purchased properties at 1730, 1732 & 1734 Roosevelt Street, PVA # 56A-50, 56A-57 and 56A-83, being Lots 15, 16, 17, 18 & 19 of Block No. 4 of Banks’ Addition to Audubon, (hereinafter “the Property”) in the City of Henderson to enable construction of the Canoe Creek Interceptor Sewer and Force Main project, as part of Henderson’s Long-Term Control Plan for Reduction of Combined Sewer Overflows, the Deeds for said Properties being recorded in the Henderson County Clerk’s office at Deed Book 575, Pages 211, 215 & 712; and

WHEREAS, construction of the Canoe Creek Interceptor Sewer and Force Main project is complete, and no new construction on the Properties is planned; and

WHEREAS, the properties have no foreseeable useable purpose for HWU except for the passage of the underground lines installed as part of the Canoe Creek project, and the Properties are hereby declared surplus real property; and
WHEREAS, the City of Henderson Water and Sewer Commission has determined the Properties may be sold by sealed bids per KRS 82.083, in conformance with KRS 45A.365.

NOW, THEREFORE, the Henderson Water and Sewer Commission recommends to the City of Henderson Board of Commissioners that the staff of the Water and Sewer Commission be authorized to solicit sealed bids for the Property at properties at 1730, 1732 & 1734 Roosevelt Street, PVA # 56A-50, 56A-57 and 56A-83, subject to the right of the Henderson Water and Sewer Commission to reject all bids, and further subject to the reservation at the time of sale of easements for sewer lines and force mains constructed on the properties.

IN WITNESS WHEREOF, having come before the Water and Sewer Commission on Monday, 26 January 2015, and upon Motion made by Commissioner _____________, and seconded by Commissioner ______________, the Water and Sewer Commission voted as follows:

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Tom Williams, P.E.
General Manager
Henderson Water Utility
EXECUTIVE SESSION

- None Requested