A. ROLL CALL

B. INVOCATION

C. REQUEST TO ADDRESS THE BOARD

D. APPROVAL OF MINUTES
   - Approval of Minutes from May 15, 2017

E. MONTHLY REPORTS
   - Financial
   - Operations
   - Engineering
   - Human Resources
   - Safety Report
   - General Manager’s
     - Policy D-540 Smoking & Use of Tobacco Products in HWU Facilities and Vehicles

F. BUSINESS
   - Tabled Resolution #2017-07 – Sense of the Commission Regarding Cash Reserves and Payment in Lieu of Taxes to the City of Henderson – Remove from Table for Vote
   - Action Report #2017-15 – Water Distribution Projects
   - Action Report #2017-16 – North Wastewater Treatment Plant – Demolition of Old Headworks
   - Action Report #2017-17 – Magnesium Slurry Chemical Bid
   - Resolution #2017-18 – Adopting Succession Plan for Continuity of Government
   - Discuss Habitat for Humanity’s Request for Use of HWU Property
G. EXECUTIVE SESSION – Requested

- To discuss matter which might lead to the appointment, discipline, or dismissal of an individual employee, pursuant to KRS 61.810 (1) (f)

F. BUSINESS (continued)

- Resolution #2017-19 Annual Merit Adjustment for Chief Financial Officer
Request to Address the Board
ACTION MINUTES OF MEETING
May 15, 2017
ACTION MINUTES
MAY 15, 2017
HENDERSON WATER & SEWER COMMISSION

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. General Manager, Tom Williams and Eric Shappell, Attorney were also present. Other Staff members present were Rodney Michael, Kevin Roberts, Todd Bowley, William “Buzzy” Newman, Ken Ferry, Tim Fischbeck, Kathy Ambrose, Randy Bentley, and Patty Brown. Also in attendance were Mayor, Steve Austin, Mike Vickers, Susan Bentley, and Laura Acchiardo with “The Gleaner”.

B. INVOCATION – Rodney Michael

C. RECOGNITION FOR 20 YEARS OF SERVICE

- Kevin Roberts – May 5, 1997 – Director of Plant Operations
- Chuck Mulligan – May 16, 1997 – Wastewater Treatment Plant Operator
- Randy Bentley – May 20, 1997 - Maintenance
- Shane Gatewood – May 20, 1997 – Maintenance

The board recognized Kevin Roberts and Randy Bentley for 20 years of service to HWU and expressed their appreciation to them. They were presented with a Certificate of Appreciation and a jacket. Chuck Mulligan and Shane Gatewood were unable to attend the meeting.

D. REQUEST TO ADDRESS THE BOARD – No Requests Made

E. APPROVAL OF MINUTES

- Approval of Minutes from April 17, 2017

Minutes were approved as submitted.

F. MONTHLY REPORTS

- Financial – Discussed and approved as submitted.

Todd Bowley reviewed the April financials with the board. He reported that revenues were low based on usage from the previous April and for year-to-date they are right under budget. Water sales have continued to be down. Overall for the month and the year expenses are below budget. Chemicals and electricity are running over budget and sludge hauling has been higher the last couple of months. For year to date revenue is roughly $15.3 million and expense are $14.3 million which shows an operating income of $1 million, which is about $700,000 over budget. For the month, there is a $4,000 positive operating income.
Revenues are about 0.5% below budget. Billable gallons are down over all 2.5% which is mostly in residential and industrial. The trend of residential being down 5% has continued for the last several months.

Commissioner John Henderson commented that the pension liability of $6.7 million is probably going to continue to increase each year and at some point, the State is going to request some type of payment for this amount or a portion of this amount. When this happens there will have to be some type of rate increase enacted to be able to pay for it.

- **Operations** – Discussed and approved as submitted.

  Tom Williams reported that the fire department has been doing their spring hydrant testing that is used for ISO ratings for the City. It has been discovered in the last couple of days that ISO will accept results from a model so we will be able to furnish the City this information without them having to go out and test.

- **Engineering** – Discussed and approved as submitted.

  Tom Williams noted that the contract has been signed for the College Tank painting and this work should be starting soon.

- **Human Resources** – Discussed and approved as submitted.

- **Safety Report** – Discussed and approved as submitted.

- **General Manager’s** – Discussed and approved as submitted.

  Tom Williams reviewed the GM report with the board. He reported that the budget process went smoothly and summarized the changes that were made to the pay plan based on the City Commission’s suggestion that comparisons be made with other cities our size and to adjust employees pay scales accordingly. There was a 4% cap put on the adjustments. This will cost around $100,000 annually just in wages alone. There were a few positions that more than 4% was given because of equity. This was a very difficult process in trying to be fair to every employee. All employees were given at least a 1% adjustment in this process. This is in addition to their cost of living and merit increases.

**G. BUSINESS**

- **2017-2018 Budget Review and Approval**

  Tom Williams reviewed the budget with the board. The operating budget includes estimated revenues of $19,252,610, which is an increase of about 3.3% from last year based on the previously approved 5.85% rate increase and the fixed charge on stormwater that will go into effect on July 1st. The budget does not anticipate any additional borrowings for major projects. Capital projects in this budget will be paid from cash generated from operations and existing reserves. Due to the decrease in usage, this does not leave a lot of money to complete the capital replacement projects that are needed. Operating expenses are budgeted at $18,711,936, a 3.74% increase when compared to last year. The increase is mostly due to higher projected costs for salaries and benefits, including pension contributions, chemicals, maintenance costs,
and power. He noted all of the changes that were made in the personnel section of the budget. The Capital Budget includes a total of $2,901,300 in capital projects, vehicle replacements and new equipment. Detailed descriptions of the items are not included as they seem to be self-explanatory. This is down from $3.4 million last year. Possibly the only projects that can be completed are the College Tank and South Wastewater Treatment Plant Basin Renovation project, due to lack of funds to address other needs.

After discussion, motion was made and approved to accept the 2017-2018 Budget as presented with one exception pertaining to the Safety & Training Coordinator pay grade, which will remain at Grade 20. The employee will still receive the same amount of raise as if they were moved to Grade 22. This is due to the City requesting that the pay grade for this position not be changed.

- Action Report #2017-10 – Small Projects – Construction Services

  Motion was made and approved to accept Action Report #2017-10 for Small Projects Construction Services. The three local firms that will be used, as described in the report, will be Schneider Farms and Excavating, Hazex, and Mark Bowling, Inc. Individual projects cannot exceed $20,000 in total expenditures. There will be $50,000 set aside for the current fiscal year for this type of work from the “Unidentified Capital Projects” line item.

- Action Report #2017-11 – Emergency Generators at Treatment Plants & Administration Building

  Motion was made and approved to accept Action Report #2017-11 for Emergency Generators at the Treatment Plants and Administration Building. Three I Engineering has been selected for this design work for the 2 wastewater plants, the 2 water plants, and the Administrative office. The generators will probably cost between $25,000 to $50,000 each and the design costs are estimated not to exceed $20,000. Funds for this work will be taken from the “Special Projects” line in the FY 2016-17 Capital budget.

- Action Report #2017-12 – Fiber Optic Connection – HWU to City Building

  Motion was made and approved to accept Action Report #2017-12 for Fiber Optic Connection – HWU to City Building. The cost of this project will be $30,000 and taken from the “Special Projects” line item in the 2016-17 Capital Projects budget. The cost of this change will be recouped in 3 years and should allow for greater integration of our IT operations with the City, including off-site backups for both, easier use of phone systems, etc.

- Action Report #2017-13 – NWTP Lab & Office Remodel Update

  Motion was made and approved to accept Action Report #2017-13 for NWTP Lab and Office Remodel. Funds for this work will be taken from the “Special Projects” line item of the FY 2016-17 Capital budget, with an additional appropriation of $14,100. This is an update of Action Report 2017-04, dated January 23, 2017.

- Action Report #2017-14 – Bids for Materials – Inventory

  Motion was made and approved to accept Action Report #2017-14 Bids for Materials – Inventory. These inventory purchases are charged to the Operating budget. Bids for DI Fittings & Accessory Packs needed for inventory were taken on April 13, 2017 and the low bid was
submitted by HD Supply of Bowling Green in the amount of $27,318.99. Bids for the Sewer Pipe & Fittings for inventory were also taken on April 13, 2017 and the low bid was submitted by HD Supply of Bowling Green in the amount of $18,267.67. The initial bid term is May 15, 2017 – May 14, 2018 with the ability to renew for two additional one-year terms.

H. EXECUTIVE SESSION – None Requested

Motion was made and approved to adjourn.

The next regularly scheduled monthly meeting will be held on Monday, June 19, 2017.
FINANCIAL REPORT
Henderson Water Utility

Financial Summary

For the Eleven Months Ended May 31, 2017
Henderson Water Utility  
**Operating Revenues and Expenses Summary**  
*For the Eleven Months Ended May 31, 2017*

<table>
<thead>
<tr>
<th>May Actual</th>
<th>May 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>
</tr>
<tr>
<td>Water Sales</td>
<td>668,057</td>
<td>644,806</td>
<td>6,728,057</td>
<td>6,903,962</td>
</tr>
<tr>
<td>Water Penalties</td>
<td>1,678</td>
<td>2,370</td>
<td>26,736</td>
<td>26,065</td>
</tr>
<tr>
<td>Water Fees</td>
<td>5,147</td>
<td>4,022</td>
<td>58,041</td>
<td>44,243</td>
</tr>
<tr>
<td>Wastewater Services</td>
<td>1,059,872</td>
<td>918,908</td>
<td>9,993,255</td>
<td>9,838,781</td>
</tr>
<tr>
<td>Wastewater Penalties</td>
<td>2,609</td>
<td>3,161</td>
<td>43,124</td>
<td>34,771</td>
</tr>
<tr>
<td>Wastewater Fees</td>
<td>51,742</td>
<td>15,800</td>
<td>299,109</td>
<td>173,795</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>1,789,105</td>
<td>1,589,067</td>
<td>17,148,322</td>
<td>17,021,618</td>
</tr>
</tbody>
</table>

| **OPERATING EXPENSES** | | | | |
| Salaries and Wages | 333,733 | 351,654 | 3,797,667 | 4,219,843 | 4,571,497 |
| Payroll Taxes | 24,759 | 25,556 | 275,958 | 306,677 | 332,233 |
| Health Insurance | 110,196 | 122,778 | 1,167,143 | 1,350,555 | 1,473,333 |
| Pension Benefits | 59,986 | 65,689 | 692,487 | 788,267 | 853,956 |
| Workers Compensation | (69) | - | 79,914 | 99,836 | 99,836 |
| Other Employee Benefits | 1,206 | 2,105 | 16,529 | 24,750 | 27,000 |
| Car Allowance | 1,800 | 2,250 | 15,330 | 23,158 | 25,263 |
| Electricity | 170,976 | 145,684 | 1,673,134 | 1,735,521 | 1,748,205 |
| Natural Gas | 1,116 | 1,500 | 20,888 | 36,550 | 37,050 |
| Chemicals | 89,082 | 94,188 | 1,099,369 | 1,035,063 | 1,130,250 |
| Inventory Expense | 30,576 | 15,775 | 189,281 | 173,525 | 189,300 |
| Fuel | 3,998 | 10,123 | 90,867 | 111,352 | 121,475 |
| Tools & Small Equipment | 9,397 | 16,363 | 107,316 | 179,988 | 196,350 |
| Safety Supplies | 796 | 5,517 | 44,675 | 60,683 | 66,200 |
| Lab Supplies and Testing | 46,659 | 30,542 | 163,654 | 152,708 | - |
| Clothing/Cleaning Allowance | 678 | - | 24,016 | 19,525 | 19,525 |
| Vehicle Repair | 3,268 | 4,183 | 69,004 | 46,017 | 50,200 |
| Other Equipment Repair | 14,552 | 16,233 | 208,747 | 178,567 | 194,800 |
| Other Structures Repair | 16,257 | 28,350 | 309,144 | 311,850 | 340,200 |
| SCADA Expense | 2,779 | 3,743 | 38,056 | 41,171 | 44,914 |
| Administrative Services | 47,000 | 53,000 | 571,000 | 583,000 | 636,000 |
| Contractual Services | 14,913 | 12,602 | 613,468 | 659,798 | 1,113,400 |
| Contractual Labor | 8,650 | 17,183 | 166,074 | 189,017 | 206,200 |
| Sludge Hauling and Disposal | 58,323 | 55,455 | 294,481 | 249,545 | - |
| Professional Services | 5,101 | 2,917 | 29,450 | 32,083 | 35,000 |
| Equipment Rental | 7,678 | 5,351 | 44,468 | 58,864 | 64,215 |
| Audit Expense | - | - | 20,000 | 21,000 | 21,000 |
| Trust Fees | - | 500 | 255 | 5,000 | 6,000 |
| Public Contributions | - | 3,958 | 4,250 | 43,542 | 47,500 |
| Insurance | - | 73,001 | 209,473 | 292,005 | 292,005 |
| Technology Expense | 9,388 | 15,837 | 133,999 | 174,203 | 190,040 |
| Office & Field Supplies | 8,887 | 9,685 | 143,027 | 153,789 | 210,724 |
| Telephone | 6,637 | 6,137 | 63,266 | 67,510 | 73,647 |
| Medical Exams | 799 | 500 | 5,532 | 5,500 | 6,000 |
| Travel and Training | 3,521 | 6,322 | 50,307 | 69,544 | 75,866 |
| Dues and Subscriptions | 165 | 1,598 | 12,976 | 17,580 | 19,178 |
| Printing | 372 | 967 | 10,000 | 10,633 | 11,600 |
| Miscellaneous | 882 | 679 | 5,444 | 7,471 | 8,150 |
| Depreciation | 290,226 | 291,667 | 3,192,483 | 3,208,333 | 3,500,000 |
| Total Operating Expenses | 1,384,287 | 1,499,590 | 15,652,772 | 16,612,523 | 18,038,112 |

| Operating Income (Loss) | 404,818 | 89,477 | 1,495,550 | 409,095 | 590,898 |
Henderson Water Utility
Variance Analysis
For the Eleven Months Ended May 31, 2017

Operating Revenues
Actual  $ 17,148,322
Budgeted  17,021,618
Favorable (Unfavorable) Variance  $ 126,704
Percentage Difference  0.74%

Billable Gallons
Through 5/31/17  2,177,478,814
Through 5/31/16  2,225,573,917
Difference  (48,095,103)
Percentage Difference  -2.16%

Operating Expenses
Actual  $ 15,652,772
Budgeted  16,612,523
Favorable (Unfavorable) Variance  $ 959,751
Percentage Difference  5.78%

Breakdown of Volumetric Differential For Eleven Months Ended

<table>
<thead>
<tr>
<th></th>
<th>May-17</th>
<th>May-16</th>
<th>Differential %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>540,057,751</td>
<td>565,888,898</td>
<td>-4.56%</td>
</tr>
<tr>
<td>Industrial (includes IP)</td>
<td>411,050,806</td>
<td>425,287,049</td>
<td>-3.35%</td>
</tr>
<tr>
<td>Commercial (includes Tyson &amp; HCWD)</td>
<td>1,226,370,257</td>
<td>1,234,397,970</td>
<td>-0.65%</td>
</tr>
<tr>
<td>Total</td>
<td>2,177,478,814</td>
<td>2,225,573,917</td>
<td>-2.16%</td>
</tr>
</tbody>
</table>

Notes
Revenue Summary:
Revenues are over budget for current year-to-date in total. Water sales are below budget by approx. $176k, but are being offset by wastewater and other fees which have exceeded year-to-date budget. All three usage classes are below prior year levels continuing trend of overall usage decreases.

Expense Summary:
Expenses continue under budget primarily due to payroll and related expenses being under budgeted amounts due to unfilled positions, etc. Utilities, Chemicals, Sludge Hauling/Disposal and Repairs/Maintenance continue to trend above budget for the year-to-date.
### Henderson Water Utility

**Capital Expenditures Report**

**For the Eleven Months Ended May 31, 2017**

#### Construction In Progress:

<table>
<thead>
<tr>
<th>Project #</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></td>
<td>$4,803</td>
<td>$101,147</td>
<td>$144,645</td>
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<tr>
<td></td>
<td>246,326</td>
<td></td>
<td>246,326</td>
<td>4,426</td>
<td>246,326</td>
<td>06/16 GMR</td>
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<tr>
<td></td>
<td>200,894</td>
<td>13,575,780</td>
<td>100</td>
<td>13,630,139</td>
<td>13-24</td>
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<tr>
<td></td>
<td>142,367</td>
<td>1,685,533</td>
<td>24,407</td>
<td>1,685,533</td>
<td>15-11</td>
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<tr>
<td></td>
<td>184,147</td>
<td>860,239</td>
<td>235,299</td>
<td>860,239</td>
<td>15-09</td>
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<tr>
<td></td>
<td>24,793</td>
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<td>24,793</td>
<td>200,000</td>
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</table>

#### Current Fiscal Year Capital Appropriations

<table>
<thead>
<tr>
<th>Project Description</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>
</tr>
</thead>
<tbody>
<tr>
<td>S Elm Water Lines</td>
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<tr>
<td>NWWTP Clarifier Project</td>
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<tr>
<td>Clay St Sewer Repair Project</td>
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<tr>
<td>Riverdale Stormwater Project</td>
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<tr>
<td>SWWTP Basin Renovations</td>
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<tr>
<td>Fiber Optic Connect to City</td>
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<tr>
<td>Emergency Generator System</td>
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<tr>
<td>Misc Stormwater Projects</td>
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</table>

#### Unallocated Capital Funds

<table>
<thead>
<tr>
<th>Project Description</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>
</tr>
</thead>
<tbody>
<tr>
<td>Henderson Water Utility</td>
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</tbody>
</table>

#### Buildings and Improvements:

<table>
<thead>
<tr>
<th>Project Description</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>
</tr>
</thead>
<tbody>
<tr>
<td>Previous Fiscal Year Project Carryovers</td>
<td>246,326</td>
<td></td>
<td>246,326</td>
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<td></td>
</tr>
<tr>
<td>Admin Bldg Improvements</td>
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</tr>
</tbody>
</table>

#### Equipment and Vehicles:

<table>
<thead>
<tr>
<th>Equipment</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>
</tr>
</thead>
<tbody>
<tr>
<td>Wonderware Historian</td>
<td></td>
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</tr>
<tr>
<td>Trench Protection Boxes</td>
<td></td>
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<tr>
<td>IT Shelf &amp; Servers</td>
<td></td>
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<tr>
<td>Refrigerated Auto Sampler</td>
<td></td>
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<tr>
<td>Cat Mini Excavator &amp; Trailer</td>
<td></td>
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<tr>
<td>Veam IT Network Backup</td>
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<tr>
<td>Henderson Water Utility</td>
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</tbody>
</table>

#### Notes:

1. Project being fully reimbursed by KY Dept of Transportation, no budgeted appropriation
2. Project being funded 50% by City of Henderson, no budgeted appropriation
3. Project being funded by HCFC, upon completion fixed assets were assumed by HWU, no budgeted appropriation
Henderson Water Utility
Financial Statements
For the Eleven Months Ended May 31, 2017
Henderson Water Utility  
Statement of Net Position  
May 31, 2017

### ASSETS AND DEFERRED OUTFLOWS

**Current assets:**
- Cash $6,960,451
- Unrestricted Investments $35,766
- Restricted Investments -
- Accounts receivable $1,307,136
- Inventories $889,018
- Other current assets $74,991
- **Total current assets** $9,267,362

**Noncurrent assets:**
- Construction in progress $20,476,011
- Utility plant and equipment, net of accumulated depreciation $61,825,916
- Other assets $32,036
- **Total noncurrent assets** $82,333,963

**Deferred outflows of resources** $1,340,953

**Total assets and deferred outflows** $92,942,278

### LIABILITIES AND DEFERRED INFLOWS

**Current liabilities:**
- Accounts payable $178,504
- Retainage payable $25,000
- Deposits payable $86,910
- Accrued liabilities $1,716,305
- **Total current liabilities** $2,006,719

**Noncurrent liabilities:**
- Accrued pension liability $6,734,694
- Long-term debt $37,286,093
- **Total noncurrent liabilities** $44,020,787

**Deferred inflows of resources** -

**Total liabilities and deferred inflows** $46,027,506

### NET POSITION

**Net investment in capital assets** $45,047,870

**Restricted for debt service** -

**Unrestricted** $1,866,902

**Total net position** $46,914,772
Henderson Water Utility
Statement of Revenues, Expenses, and Changes in Net Position
For the Eleven Months Ended May 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>May Actual</th>
<th>May Budget</th>
<th>Year to Date Actual</th>
<th>Year to Date Budget</th>
<th>Fiscal Year Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water sales and fees</td>
<td>$ 674,882</td>
<td>$ 651,198</td>
<td>$ 6,812,834</td>
<td>$ 6,974,271</td>
<td>$ 7,633,025</td>
</tr>
<tr>
<td>Wastewater services and fees</td>
<td>1,114,223</td>
<td>937,869</td>
<td>10,335,488</td>
<td>10,047,348</td>
<td>10,995,985</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>1,789,105</td>
<td>1,589,067</td>
<td>17,148,322</td>
<td>17,021,618</td>
<td>18,629,010</td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, wages, and benefits</td>
<td>531,611</td>
<td>570,032</td>
<td>6,044,668</td>
<td>6,813,086</td>
<td>7,383,118</td>
</tr>
<tr>
<td>Contractual services</td>
<td>141,665</td>
<td>147,007</td>
<td>1,739,196</td>
<td>1,798,808</td>
<td>1,723,100</td>
</tr>
<tr>
<td>Supplies and materials</td>
<td>181,186</td>
<td>172,506</td>
<td>1,719,178</td>
<td>1,733,844</td>
<td>1,723,100</td>
</tr>
<tr>
<td>Utilities expense</td>
<td>172,092</td>
<td>147,184</td>
<td>1,694,022</td>
<td>1,639,071</td>
<td>1,785,255</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>36,856</td>
<td>52,510</td>
<td>624,951</td>
<td>577,605</td>
<td>630,114</td>
</tr>
<tr>
<td>Other services and expenses</td>
<td>30,651</td>
<td>118,685</td>
<td>638,274</td>
<td>841,776</td>
<td>934,710</td>
</tr>
<tr>
<td>Depreciation</td>
<td>290,226</td>
<td>291,667</td>
<td>3,192,483</td>
<td>3,208,333</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>1,384,287</td>
<td>1,499,590</td>
<td>15,652,772</td>
<td>16,612,523</td>
<td>18,038,112</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>404,818</td>
<td>89,477</td>
<td>1,495,550</td>
<td>409,095</td>
<td>590,898</td>
</tr>
<tr>
<td>NONOPERATING REVENUES (EXPENSES)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>6,584</td>
<td>2,083</td>
<td>54,903</td>
<td>22,917</td>
<td>25,000</td>
</tr>
<tr>
<td>Other income</td>
<td>2,895</td>
<td>-</td>
<td>29,329</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(78,389)</td>
<td>(82,617)</td>
<td>(902,219)</td>
<td>(908,792)</td>
<td>(991,409)</td>
</tr>
<tr>
<td>Amortization expense</td>
<td>1,392</td>
<td>(329)</td>
<td>3,264</td>
<td>(3,622)</td>
<td>(3,951)</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>(67,518)</td>
<td>(80,863)</td>
<td>(814,723)</td>
<td>(889,497)</td>
<td>(970,360)</td>
</tr>
<tr>
<td>Income (loss) before capital contributions and distributions</td>
<td>337,300</td>
<td>8,613</td>
<td>680,827</td>
<td>(480,401)</td>
<td>(379,462)</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>7,808</td>
<td>20,833</td>
<td>1,510,982</td>
<td>229,167</td>
<td>250,000</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>345,108</td>
<td>29,447</td>
<td>2,191,809</td>
<td>(251,235)</td>
<td>(529,462)</td>
</tr>
<tr>
<td>Net position, end of period</td>
<td>$ 46,914,772</td>
<td>$ 44,757,139</td>
<td>$ 46,914,772</td>
<td>$ 44,471,728</td>
<td>$ 44,161,500</td>
</tr>
</tbody>
</table>

16
Henderson Water Utility
Statement of Cash Flows
For the Eleven Months Ended May 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>May</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>$1,638,714</td>
<td>$16,859,287</td>
</tr>
<tr>
<td>Payments for goods and services</td>
<td>(703,878)</td>
<td>(6,175,902)</td>
</tr>
<tr>
<td>Payments for employees</td>
<td>(546,941)</td>
<td>(6,085,802)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>387,895</td>
<td>4,597,583</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 | (46,429)     | (3,119,025)  |
| Principal payments on long-term debt | -            | (5,136,146)  |
| Interest payments on long-term debt | -            | (981,131)    |
| Bond proceeds, net of closing costs | -            | 2,468,578    |
| Capital contributions | 7,808        | 123,110      |
| Net cash provided (used) by capital and related financing activities | (38,621)     | (6,644,614)  |

| **CASH FLOWS FROM INVESTING ACTIVITIES** |             |              |
| Investment and other income received | 9,479        | 97,674       |
| Investments proceeds | -            | 741,889      |
| Investments purchases | -            | (207,031)    |
| Net cash provided (used) by investing activities | 9,479        | 632,532      |

| Net increase (decrease) in cash | 358,753     | (1,414,499)  |
| Cash, beginning of period       | 6,601,698   | 8,374,950    |
| Cash, end of period             | $6,960,451  | $6,960,451   |
OPERATIONS REPORT
General Operations:

A. Treatment Plants – Overview:

1. Regulatory:

   The CCR will be ready for posting as soon as we get confirmation from DOW that it has everything required in it.

2. Operational & Financial:

   **Budget**: A meeting with Hazex was held a couple of weeks ago to discuss what can be done to make sure they are not losing money when tonnage, particularly from the SWWTP, is light. Due to treatment plant conditions and staff shortage, there have been a few loads that were under 20 tons. We stipulated that they would be supplied an average of 26 tons per load. Also of concern is the impact that traffic on the bridge and I-69 is having on them. Combined, it causes a lack of profit for them. We are reviewing the information and will be coming up with a solution that works for both of us.

3. System Water Quality:

   **Water Quality Calls**: There were 4 water quality calls taken in May.

   **330 S. Alves Street**: Customer said the water in her bathroom had a sewer smell and is hard. She also said she has been having some skin issues that she wondered if the water was causing. Our water quality specialist took off the bathroom aerator and found it pale pink with debris in it, which is indicative of bacteria. She was advised to purchase a new aerator. Samples were taken from the bathroom sink, and she was advised to bleach out the pea trap regularly to kill any bacteria that is the likely cause of the odor. All samples were in normal limits, and no bacteria was found. The customer was informed of the results.

   **737 Kimsey Lane 301 Redbanks Towers**: Caller complained of water smelling like sulfur. Our water quality specialist could not smell sulfur in the water. All chemistries came back normal. The customer was advised to flush the faucets to get any stagnant water out. Customer was informed of the results.

   **516 S. Elm St.**: Customer and child have had stomach issues for the last 2 days. Water was orange/rusty and smelled of copper/iron. Our water quality specialist could smell the strong odor as well. There was no Cl2 residual. Distribution crew flushed nearest hydrant providing fresh water to the houses on that line. The water quality specialist made a second trip out to the resident and the smell was gone, water was clear, Cl2 residuals were comparable to the plant, and chemistries came back comparable to the plant. ATP was in good range limits with a negative Bac-T. The customer was called and informed of all results and advised to not hesitate to call if she had any other questions.

   **529 S. Elm St.**: Customer reported rusty colored water and claimed water turned clothes brown from doing laundry. The water quality specialist checked bathroom faucet, kitchen faucet, and the
washing machine. Chemistries were sampled from the bathroom faucet. Cl₂ was low but within acceptable limits. Bac-t was negative, and chemistries were in check with elevated Iron, but was expected due to rust. Customer was called with full report and advised to call again if she needed anything.

Water Quality Specialists are continuing with educational outreach. They have 3 scheduled tours for the month of June. Holy Name Cub Scouts, with two different age groups, and Jefferson Elementary Summer School Program have tours planned. There will continue to be more public outreach. Refillable water bottles have been ordered, and we hope to have a water stand at community events soon.

We are taking a proactive stance this summer with Crypto testing for our community pools and water features. At the end of each month samples are being taken from locations upstream from public pools and water features to test for Crypto.

We are also testing for Cl₂ residuals in the public water fountains located in the community.

4. **Personnel:**

   **Staffing Levels:**

   a. Water Quality: Full operational staff.

   b. North Water: Full operational staff. Rick Green has now moved into his regular shift, and continues to train. Mark Sears has moved to days to help with projects until Pat Edwards’ retirement at the end of July.

   c. North Wastewater: Full operational staff.

   d. South Water: Full operational staff. With the hiring of Daryl Jarrett, the plant is fully staffed, though Daryl is still training.

   e. South Wastewater: Another operator at this plant has announced his retirement for the end of this month. He has had to miss most of his shifts due to medical reasons, and we do not expect him to return in the capacity that we need. This makes us down two operators at this plant. A personnel requisition and recommendation has been submitted to HR for the next candidate on the current roster, but we have not heard back if this person is still interested. If not, we will need to interview the remaining candidates.

   f. Environmental Compliance & Pretreatment: Full operational staff.

   g. Plant & Pump Station Maintenance: There is currently a vacancy for either an MT1 or MT2 position for press operations at the NWWTP. One staff member is out on Workers’ Compensation. With the completion of the maintenance training course at HCC, there will be a couple of our Tech 1 members eligible for promotion into Tech 2 positions.

   h. Treatment Intern: We have not received any applications for this position.

5. **Projects:**

   **Plant Beautification Efforts:** This effort is continuing throughout the plants on an on-going basis.
B. North WTP:

1. **Treatment Quality:**

   **Water Quality Goals:** All regulatory and Partnership for Safe Water treatment goals were met.

   **Distribution:** We are currently looking to install additional sampling sites in our distribution system to get a better representation and understanding of the water quality in our entire system. Currently, we are required by KDOW to have 30 regulatory sampling sites. We believe that it is necessary to add to this number even though regulations do not require us to. Hydrant flushing was performed the first week in May.

   **Community Outreach:** Water treatment plant tours continue on a pretty regular basis.

2. **Operations & Projects:**

   **Treatment Challenges:** River turbidities remain high this month, causing the use of more chemical than normal to achieve treatment goals. Operators continue to experiment with different operational techniques to lower Trihalomethane residuals without using large amounts of chemical. This is a slow process, but the info we are gathering could prove extremely useful in the future.

   **Construction Update:** The flash-mix mounts have now been installed, and the mixer now shows no sign of additional movement.

   **Plant Optimization:** Optimization this month has focused on limiting the Trihalomethane production in the plant using several techniques, including adjustment of Powdered Activated Carbon Feed Rates and feed points, lower Chlorine residuals on the Top of Filters, and advanced coagulation. Many of these methods have been tried in the past, but with online Trihalomethane measurements as well as easy access to grab sample results, results can be seen quickly and adjusted based on concrete data.

   **Plant Beautification:** Operators have started spring cleaning. Focus so far has been sorting through storage areas and eliminating clutter.

3. **Budget:**

   **Chemicals:** Chemicals were over budget for the month due to river conditions and continued additional treatment for distribution water quality while work on Elm Street finishes up. Additional treatment was also needed for Disinfection By-Product removal. Additionally, there was a purchase of a chemical, which is purchased only a few times per year.
4. **Average Water Treated and Water Pumped Data Trend:**

![Graph showing trend of water treated and pumped over time]

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

**C. North WWTP:**

1. **Treatment Quality:**

   **Effluent Quality:** All regulatory treatment goals were met. Effluent quality is excellent.

   **Biosolids Quality:** Sludge solids remain at good quality. Tonnage is down slightly due to the warmer weather.

   **Reports:** All reports have been submitted.

2. **Operations & Projects:**

   **UV Disinfection:** Disinfection is impressive. A few instances we are monitoring on lamp/driver failure indications. Warranty expires July 2017. A follow-up meeting is scheduled with TrojanUV.

   **Personnel:** One operator will be testing for his first WW license this quarter.

   **Construction:** Bowling Construction has intensified work on the Clarifier rehab project. The new equipment order has been delayed likely 2 months to finalize/correct details. We had our first construction meeting for this project.

   **Sludge Hauling:** Hauling has evened out to consistent level. A quarterly progress meeting was held with the hauler last week to assess work.

   **Dry Bed Sludge Hauling:** This continues to be a good choice in hauler and disposal.

   **Treatment Challenges:** Algae is returning with the warmer weather. Operators are washing down the clarifier frequently to prevent build-up. We are currently looking at technologies that will assist us in the prevention and mitigation of algae.

3. **Budget:**

   **Chemicals:** Chemical expenditures were over budget for the month.

   **Fuel:** Under budget for the month.
Solids Management: Under budget for the month.

D. South WTP:

1. Treatment Quality:

   Water Quality Goals: All monthly regulatory goals were met. We have had to fight hard to stay within the regulatory goals this month. The rain and up and down temperatures make controlling this plant very difficult.

   Distribution: Hydrants in the south system were flushed May 3, 2017.

2. Operations & Projects:

   Personnel: Daryl Jarrett is continuing his training and working out well.

   Treatment Challenges: Presently, we are having trouble getting enough flow from Big Rivers. This happens every once in a while where our line is not getting enough pressure to supply it with all of the flow demand that we need. We expect this to already be resolved by the time you read this update.

   Projects: The overhead door of the main building needs to be painted this summer. We also hope to install a catch basin style drain (or two) to address some drainage issues we are having at the back of the Main building.

   Maintenance: High service #1 was taken out of service and worked on. They pulled the impeller and had it worked on, swapped the motor out for one that had been rebuilt, and in general cleaned it up. They did not get the altitude valve or diaphragm worked on but will come back and do that soon. They also believe the main breaker for this pump may be getting weak, because it has tripped out for no reason a couple of times.

   We cleaned the cones on Monday 6/12. While the cones were empty, Jared Secondine (with JR Wauford) and Bryan Stallings (with Sam Estes Painting) came out to inspect the paint for the 1-year warranty. We will schedule having the cones down for Sam Estes painters to come in and touch up some spots on the paint.

3. Budget:

   Chemicals: Chemicals were over budget for the month.
4. Average Water Treated and Water Pumped Data Trend:

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

E. South WWTP:

1. Treatment Quality:
   
   **Effluent Quality:** Currently, we are working through a plant upset. This is due to the lack of basin treatment that is available and the lack of ability to remove sludge quickly enough to get our solids inventory down.

   **Bio Solids Quality:** Sludge solids are not good due to treatment conditions in the plant. There is also a learning curve with the new operators on getting the best efficiency out of the presses.

2. Operations & Projects:

   **Personnel:** Received notice that one of our senior operators intends to retire at the end of this month.

   **Aeration Basin Repairs:** Work on this is progressing well by the maintenance crews.

3. Budget:

   **Chemicals:** Under budget for the month.

   **Solids Management:** Under budget for the month.

F. Plant & Pump Station Maintenance:

   **Personnel:** Two Maintenance Tech positions are vacant. One will be filled at the beginning of the new fiscal year. The other position (assigned to press operations at the NWWTP) will be filled as soon as we get other, more critical positions filled at the SWWTP. One MT crew member is still on Workers’ Comp.

   **CSO Basin:** (No Change) Pump #1 is back and needs to be installed. Ashby Electric is ending their repair operation; we were told that this was their last repair.

   **North Pump Stations:** (No Change) We are in the process of evaluating each station so that levels can be adjusted to allow the station to operate more efficiently. This is an ongoing process that lags at
times due to being short-staffed. We’ve adjusted two stations since the last report - Brenntag and Fair Street.

**Training Classes**: Class is Completed. The guys really enjoyed the last 3-4 weeks of the class as it was more “Hands On” and covered topics that we use everyday in our jobs. Our intention is to build on this in the coming months and develop some training items that can be used to further the working knowledge of our guys.

**Weyerhauser PS**: Shane and Dwight (Unit #121) got the 2nd pump installed last week. We have downsized the pumps to allow longer runtime with fewer starts and stops. We have dropped the pump size from (2) 40 HP Hydromatics to (2) 12 HP Flygts. We should notice less pump problems and a smaller electric bill.

**NWTP**: We had one of the Pulsator Actuators fail (Basin #2) after the basin was cleaned and put back online. We robbed the control module from the Mud Draw-Off Actuator which got the Pulsator back in service and allowed the operators to perform the Draw-Off Manually for a week or so. The New Module was received last week and re-installed on the Draw-Off Actuator. The Basin is now fully Back In Service !! Good Job Team Gilbert and Team Clary.

**NWWTP**: All of the blower motors have been serviced and repaired.

**SWWTP**: Basin #6 is now in service, at least partially. It should be in full service soon. The crew members have done an outstanding job. It’s extremely hard and tiring work.

**G. Pretreatment Program & FOG Services:**

**Compliance Sampling**: Hall Environmental was on-site in May to conduct all of our Second Quarter compliance sampling and perform several IU inspections.

**Pretreatment Services**: No updates to report.

**FOG Program**: No updates to report.

**H. Automation Department:**

1. **(No Change)** The new US 60 West Water Booster Station has been tested. Automation components are functioning properly. It was observed that local area water pressure decreased to an unsatisfactory level whenever a pump was running, even after utilizing soft-start and throttling flow with valves. We are in the process of analyzing the water model for improved piping scenarios and have obtained pricing information for the possibility of using variable frequency drives.

2. We continue to install pressure sensors around our north water system in order to assist in water modeling, water quality control, and to enhance our pressure monitoring. Installation requires setting a pit, tapping a water line, running conduit and wiring, and integrating into a nearby SCADA panel, usually a pump station. We have 14 sensors installed so far, with the latest located at the Hospital pump station. The pressure sensor information is transferred from SCADA to a GIS website at http://gis.hkywater.org/wpressurescada.html. PLCs have been programmed for 36 locations and will be activated as sensors are installed.

3. **(No Change)** A new magnetic flowmeter has been installed at the Third Street CSO Basin in order to record the volume of captured combined sewer being pumped to the NWWTP. The flowmeter
has been incorporated into SCADA and continuously trended. We have yet to record any flow data from the Basin due to an apparent blockage in the force main that was discovered as a result of installing the flowmeter. Crews are working to either clear the obstruction or to determine the reason why we cannot pump through the force main.

4. **(Ongoing)** We continue to install amperage meters on our pump station motors and have twenty-six stations fitted to date. We are updating each station with newer technology digital relays as well as installing current transformers.

5. Our mobile alarm software (Win-911) has been updated and modified to include additional maintenance personnel. As a refresher, this software integrates with SCADA to monitor certain high priority pump stations for power failures. In the event of a power failure at one of these stations the software automatically sends an alert via mobile device (iPad, iPhone) which can be acknowledged by maintenance personnel. Email notifications are also sent. The software will escalate the alarm if there is no acknowledgement within a defined time and will begin sending notifications to additional personnel, until finally, the Director of Plant Operations is notified.

6. We have supplied CSO data over the past year to Strand Engineering.

7. We have completed installation of level monitoring of the SWWTP magnesium tanks and incorporation into SCADA.

8. We are in the process of creating a daily report with details of our CSO activity. This involves creating an application within Wonderware that pulls information from the CSO server database.

9. We are in the process of replacing the SCADA control panel for Green Valley Baptist Association pump station. This control panel is quite old and is leaning to one side.

10. We will be reviewing our Standard Specifications where SCADA is concerned in order to update to current technology.

11. The NWWTP had been experiencing problems with the Effluent Rewash pumps. These were intermittent issues where pumps would not automatically turn on/off and where values displayed at various interface terminals were conflicting. We discovered wiring that had not been properly landed and screwed down tight in terminal blocks. After checking and tightening all PLC and terminal block wiring we have not had the problem arise again.
I. SOC General / HWU General:

1. **Stormwater Fee will go into effect July 1:**

   Henderson Water Utility’s rates will increase on July 1. There are two parts to the increase:
   - 5.85% increase for billings on and after July 1, 2017
   - A flat “stormwater” fee ($5.00 for most residential users)

   A front-page article announcing the increase was published in The Gleaner on Sunday, June 11, 2017. A copy of the full article appears at the end of this Operations Report.

2. **Clay Street Sewer Repair:**

   Work is progressing on repairing the 24” clay pipe that crosses under the railroad tracks just south of Clay Street. The pipe has collapsed in two spots under the tracks.

   We are preparing a video of the repair project that includes the use of our camera van to document the exact position and condition of the breakage, installation of the new “internal band” support, and final lining of the pipe. The video will serve as documentation of the repair, for training for potential future projects, and other presentations.

3. **June Utility Bill Flyer:**

   In March, June, and October of each year, HWU publishes a tri-fold flyer that is distributed with the approximately 16,000 utility bills that are mailed to city utility customers each month. About 11,000 of the customers have water and/or sewer service, and about 5,000 have city utility service, but without water or sewer service. In addition, almost 500 flyers were distributed to city employees. Utility bill flyers are also distributed to others via Kyndle’s “Profile Display” showcase, on the first floor of the Soaper Building.

   This month’s flyer highlights the following topics:
   - Consumer Confidence Reports (CCRs) – Notification that the yearly reports for both the North and South Water Treatment Plants are available online. Hard copies are also available, by request.
   - HWU Plant Tours – An outreach to our customers to schools, clubs, and groups to take advantage of a great educational opportunity.
   - **CodeRED** notifications on mobile devices. Call (toll free) **1-866-939-0911** to sign up.
   - When it Rains it Drains. MS4 (Municipal Separate Storm Sewer System) information.

   A copy of the June utility bill flyer is included later in this report.
J. Customer Service: Customer Service Calls and Work Orders (NORTH):

1. The tabulation below shows calls we responded to last month. This tabulation by no means represents all of the calls that came in. We provided the following services:

<table>
<thead>
<tr>
<th>Water Line and Service Maintenance</th>
<th>Qty.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Main Repairs</td>
<td>4</td>
</tr>
<tr>
<td>Water Service Line Repairs</td>
<td>4</td>
</tr>
<tr>
<td>Water Meter Inspection</td>
<td>20</td>
</tr>
<tr>
<td>Water Meter Changes</td>
<td>6</td>
</tr>
<tr>
<td>Water Meter Repair</td>
<td>2</td>
</tr>
<tr>
<td>Water Meter Disconnected</td>
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</tr>
<tr>
<td>Water Meter Reposition</td>
<td>2</td>
</tr>
<tr>
<td>Water Meter Box Cleaned</td>
<td>3</td>
</tr>
<tr>
<td>Water Meter Locate</td>
<td>2</td>
</tr>
<tr>
<td>Water Meter Leak Detection</td>
<td>9</td>
</tr>
<tr>
<td>Water Meter Consumption Check</td>
<td>2</td>
</tr>
<tr>
<td>Fire Hydrant Repairs</td>
<td>18</td>
</tr>
<tr>
<td>Low Water Pressure Calls</td>
<td>1</td>
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<tr>
<td>Water Leak Calls</td>
<td>18</td>
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<tr>
<td>Water Quality Calls</td>
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</tr>
<tr>
<td>No Water Calls</td>
<td>2</td>
</tr>
<tr>
<td>Turn Water Off/On Calls</td>
<td>8</td>
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HWU Service Call Summary

- 1 - Water Line and Service Maintenance (Total Calls in 18 Sub-Categories)
- 2 - Stormwater Maintenance (Total Calls in 4 Sub-Categories)
- 3 - Pump Station Maintenance (Total Calls in 4 Sub-Categories)
- 4 - Sewer Line and Service Maintenance (Total Calls in 10 Sub-Categories)
- 5 - New Services (Total Calls in 4 Sub-Categories)
- 6 - Miscellaneous Services (Total Calls in 4 Sub-Categories)
- 7 - Regulatory Issues (Downspout Letters Mailed)
2. Rolling 2-Year History of Monthly HWU Service Calls.
K. Collection System:

1. HWU fab shop has built 4 structural repair sleeves and installation tools to repair the 24” SS main on Clay Street at the railroad track. This job started June 12. We wanted to wait until school is on summer break to begin the project, due to school bus traffic.

L. Distribution System:

1. The scouring of lines on Jefferson and Dixon St. should resume soon. The crews began placing the customers on temporary connections on May 8th.

2. N. Main Project: This project is complete.
M. Stormwater Phase II:

1. MS4 KYG2000 General Permit: Back to the Drawing Board (No Change)

Kentucky MS4 communities are currently grandfathered under the 04-01-2010 version of MS4 General Permit KYG2000. That permit expired over two years ago, on 03-31-2015.

There have been several attempts to come up with a new general permit. Two permit candidates have been advertised for “Public Notice”. The most-recent version went out for “Public Notice” on 02-03-2017. The US EPA has determined that the 02-03-2017 version does not meet the requirements of “Option 1” of the “Remand Rule”, which went into effect nationwide on 11-17-2016. The US EPA did say, however, that with a few “tweaks”, the version of our currently-grandfathered KYG2000 permit could be used for a new permit.

The Remand Rule promotes greater public engagement through clear requirements on the opportunities for public participation in the permitting process. The MS4 General Permit Remand Rule establishes two alternative approaches an NPDES permitting authority can use to issue and administer small MS4 general permits that address a partial remand of the Phase II stormwater regulations by the U.S. Court of Appeals for the Ninth Circuit.

The Kentucky Division of Water’s current plan is to start with the 04-01-2010 version of KYG2000, and add three minor “Tweaks”, as follows:

- MS4s must have Written O&M Manuals
- MS4s must complete the Mapping requirements as described in the 05-10-2016 DRAFT Permit
- MS4 staff must have 12 hours of training each year

There might be other additional requirements, to be determined at a later date.

The good news for HWU is that we are already complying with all aspects of the grandfathered MS4 General Permit. We will probably not be required to complete costly TMDL (Total Maximum Daily Load) stream sampling for water quality. And we already mostly meet the requirements of the proposed new additions. The new permit, if approved, will impose little or no new burdens on us.

2. (No Change) KSA, the Kentucky Stormwater Association, will hold its three-day Annual Meeting on July 19-21, 2017, in Bowling Green. Staff from Henderson Water Utility will participate in the meeting.

N. Information Technology Department:

1. Fiber to City (BAR# 2017-12) – Ian Snow’s crew ran the new fiber from 3rd and Main to the Courthouse through an abandoned water main. HMPL will be terminating and splicing the fiber for us beginning this week. Thus far the project is under budget and should pay off in less than three years.

2. Disaster Recovery – The Veeam disaster recovery software mentioned in last month’s report has been installed and has been backing up our VMWare cluster for nearly a month now. So far it is running well.
3. Tyler (NewWorld) Community Development (CD) Module – The primary use of the CD module is permitting and licensing. We attended the Tyler CD discovery meeting on 5/30 and concluded that HWU would receive minimal benefit from the CD module. Cityworks provides HWU adequate functionality.

4. Hoth Server Replacement - Installed a new server to replace one of the aging SCADA/File servers. Working with Automation to migrate data from the old server to the new one.

5. Cityworks – We met with Timmons Group to begin planning this summer’s upgrade. Timmons Group performed the initial install and has been involved in support ever since.

O. GIS Department:

No Report Submitted.
Stormwater fee goes into effect July 1

ERIN SCHMITT
ERIN.SCHMITT@THEGLEANER.COM

City water customers are about to pay more for their service, but officials say two increases still won’t be enough.

A new $5 stormwater fee as well as a yearly rate increase will go into effect July 1 for Henderson Water Utility customers. However, according to the agency, the money generated still won’t generate near enough revenue to cover HWU expenses, since water usage is down but the cost to produce quality water continues to mount.

The Henderson City Commission recently approved the 2017-18 budget for the fiscal year that begins July 1.

The operating budget includes estimated revenues of $19.3 million, which shows an increase of approximately 3.3 percent from last year based on HWU’s previously approved 5.85 percent rate increase and on the imposition of a fixed charge for stormwater, both effective July 1.

Henderson Water Utility began tackling a large set of long-term sewer and stormwater control projects it was required to undertake by the federal government in 2010. HWU spent about $41 million to accomplish those projects and had to borrow $30 million to do so.

A series of rate increases of 5.85 percent every year was instituted starting in 2011 to help fund that work.

“As time has gone on and those (rate hikes) have taken effect, we’ve seen a tail-off in usage,” said HWU General Manager Tom Williams. “As costs have gone up, people have started conserving water more and it’s left us in somewhat of a bind. We’re not taking in the revenue that we thought we would.”

Williams went before the Henderson City Commission last November to ask the board for a further rate increase. He asked for a new $5 fixed fee as well as an additional $5 each year for the next three years.

The commission eventually approved the $5 stormwater fee that will go into effect July 1. The second part of the request was not approved.

Williams went before the commission again in May to present what was a pretty bleak budget outlook if HWU doesn’t find a way to increase its revenues.

“Our shortfall is that our cash generated from operations just isn’t meeting our capital needs when you factor in what we have to pay in debt service that was factored in on $30-plus million in borrowings we had to do for the long-term control plan projects,” said HWU Chief Finance Officer Todd Bowley.

As Williams put it, HWU basically needs to generate enough cash in revenues to pay off the debt without spending down its reserves. HWU has about $3 million in debt payments every year.

Additionally, HWU tries to allot between $2 to $3 million each year in capital improvement projects. This includes painting water tanks, putting in new lines, as well as improvements and maintenance on the plants.

Cost saving measures would be difficult.

“Without cutting personnel, there’s not too many ways that we can implement a widespread cost-saving measure,” said Bowley.

HWU employs 106 full-time positions, according to its budget. With water board commissioners, temporary/seasonal employees and interns, there are 124 total. In the budget, it’s noted that overtime has increased, mostly related to turnover in operating positions.

“We don’t have a lot more employees than we had 30 years ago,” said Williams. “We’re a pretty lean outfit.”

Employee numbers have been steady, but the number of areas serviced and the number of customers has increased substantially, Bowley said. The majority of HWU’s costs are fixed. The biggest expenses in the budget are payroll, utilities, chemicals, sludge disposal and repair costs.

Henderson Water Utility has about 10,500 metered accounts, Williams said. HWU also supplies water wholesale to Henderson County Water District and serves the cities of Sebree in Webster County and Beech Grove in McLean County. HWU serves approximately 45,000 to 47,000 people in total.

That’s a lot of customers, but most of them are using less water.

Over the past 15 years or so, shower heads, toilets and washing machines have all been designed to use increasingly less water. Customers are becoming more conscious about conserving water too, doing things as simple as shutting off the water stream while brushing their teeth to fixing a small leak themselves.
“As the cost of water has gone up, it’s made people more aware of how much they are using,” said Williams. “People conserve.”

Many years ago, the City of Henderson approved what is called straight volumetric rates. This is where rates are based on the amount of water a customer uses, explained Williams.

There is no fixed fee. If a customer leaves town for the winter and doesn’t have any leaking faucets, they could be sent a bill for $0. About 700 to 800 people pay less than $1 on their water bill during different parts of the year, he said.

While the customer might not have to pay, costs are still incurred on HWU’s end because the meter still has to be read once a month even if no water is used.

The city of Henderson handles the meter reading and billing for HWU. The city charges the water utility about $4.50 per customer a month to read the meter, so HWU is losing money.

“Having some sort of fixed charge for water and wastewater would get around that,” said Williams. “It would be something to cover what’s basically our fixed costs and still let the volumetric rates take care of the variable part of it.”

Aside from the new $5 fee, the rates that will go into effect July 1 for customers inside the city limits are:

» Metered water: $2.75 for first 5,000 cubic feet; $2.11 for more than 5,000 CF.

» Sewer: $5.50 for first 5,000 CF; $4 for more than 5,000 CF.

“Our rate structure is abnormal,” said Bowley. “The norm in the industry is you’ll have a minimal bill that includes a set amount of usage. It normally averages 1,500 to 2,000 gallons, depending on the location.”

Henderson County Water District has a rate structure that resembles this. That HWU has purely volumetric rates, leaving it in what Bowley describes as “a precarious position because the majority of our costs are fixed, they aren’t variable.”

Henderson Water Utility has traditionally had some of the cheapest water rates in Kentucky, said Bowley.

“We’ve taken over a lot of stormwater duties from the city and spend $1.5 to $1.7 million a year on that and didn’t have anything really in our rate structure that covered that,” said Williams. So, this $5 is going to provide HWU roughly about $700,000 to offset some of that cost.

“There are some communities across Kentucky where there minimum based bill is $20 a month, whether you use it or not,” said Buzzy Newman, director of field operations. “All we asked for the first year was $5.”

Bowley added that they were trying to ease up to $20 when they had proposed the flat fee before.

Williams said he expects to ask for another rate hike in the future.

“We will probably be going back to the commission again after the first of the year to ask for some kind of further rate increase,” he said.

The request would come after the start of the calendar year so they could take effect with the fiscal year beginning July 1, 2018.
Fats, Oils and Grease (FOG)

Many of the problems caused by FOG in the sewer system originate from fats, oils and grease that are poured down drains in homes. Although the wastewater collection system is owned, managed and maintained by HWU, the entire community of Henderson benefits from it being used responsibly. Through education and by adopting certain habits, it is easy to minimize FOG sources at home.

The Do's and Don'ts of FOG

Do!
• Place cooled oil and grease into trash bins or covered collection containers.
• Be aware of the “hidden oils” such as salad dressings, cheese, cookies, pastries, sauces and gravies.
• Scrape food scraps from dishes into trash bins.
• Manually wipe off all visible fats, oils, grease and food residue from dishes and cookware into trash bins.
• Use a strainer in the sink to collect excess food particles.
• Clean up grease spills with absorbent material and place into trash bins.
• Encourage neighbors to help keep fats, oils and grease out of the sewer system.

Don’t!
• Don’t pour oil or grease down the drain.
• Don’t scrape food scraps down the drain.
• Don’t pour liquid foods (syrups, batters, gravy, etc.) down the drain.
• Don’t run hot water over greasy dishes, pans or fryers – it will not prevent FOG from sticking to the inside of the pipes.
• Don’t use chemicals to remove grease clogs; they can damage the piping system.
• Don’t rely on a garbage disposal to get rid of grease.

For more info, call David Brister at 270-826-2824

Schedule a Tour of HWU for Your School or Organization

Henderson Water Utility is pleased to offer FREE plant tours for your school, club, group, or organization. Just give us a call at 270-826-2824.

Tours are available at our North Water Treatment Plant at 510 North Water Street, and at our North Wastewater Treatment Plant at 205 Drury Lane.

We are especially happy to offer tours for children.

Consumer Confidence Reports

NORTH Water Treatment Plant
Serving the City of Henderson and portions of Henderson County

2017 Henderson Water Utility North annual water quality report is available.

This report contains important information about your drinking water.

Please go to www.hkywater.org/ccr/north.pdf to view your 2017 annual water quality report or to request a paper copy call 270-826-2421.

SOUTH Water Treatment Plant
Serving the City of Sebree, Beech Grove, and portions of Henderson County

2017 Henderson Water Utility South annual water quality report is available.

This report contains important information about your drinking water.

Please go to www.hkywater.org/ccr/south.pdf to view your 2017 annual water quality report or to request a paper copy call 270-826-2421.

Henderson Water Utility urges you to sign up for FREE CodeRED notifications on your mobile device by calling (toll free) 1-866-939-0911 or by visiting tinyurl.com/HendersonKY-CodeRED

Be notified in an emergency such as a major water outage or boil water advisory.

Is your phone connected to a land line in Henderson County or in the City? Great news: You’re already registered!
When it Rains it Drains

What is Stormwater?
Stormwater runoff occurs when precipitation from rain or melting snow flows over the ground. Impervious surfaces like driveways, sidewalks, streets, and rooftops prevent stormwater from naturally soaking into the ground. To manage this, communities have storm sewers that help to carry stormwater away from homes and businesses.

Did you Know?
When it rains, the stormwater runoff is carried away by pipes and ditches of our storm sewers. These pipes and ditches are different than our regular sewers because the water goes directly into our streams, rivers, and lakes. Unlike sewage, stormwater runoff does not drain to a treatment plant.

As it flows, stormwater picks up debris, chemicals, dirt, and other pollution and carries it into our waterways where it can harm fish, frogs, and other aquatic plants and animals. This is the same water that we use for swimming, fishing, and drinking.

New Importance
Communities like Henderson are facing new federal regulations to reduce pollution. These regulations focus on improving the quality of our streams by reducing the amount of pollution carried by stormwater runoff into our waterways.

10 Simple Steps to Improve the Quality of Our Streams
1. Don’t dump anything down storm drains.
2. Use pesticides and fertilizers sparingly.
3. Put litter in its place.
4. Pick up after your pet.
5. Sweep driveways (do not spray wash).
6. Collect yard waste & keep it out of storm drains.
7. Use a car wash (they recycle dirty water).
8. Recycle used motor oil.
9. Check your car for leaks (fix them!).
10. Have your septic tank inspected every 3-5 years.

What’s Happening?
Communities around the country are taking action to improve pollution controls. Some of the activities include:
- Increasing public awareness and involvement.
- Eliminating illegal connections and discharges to the storm sewer system.
- Increasing sediment controls at construction sites.
- Requiring controls in new development to remove pollutants from stormwater.
- Improving pollution prevention from community facilities such as maintenance garages, equipment areas, and work areas.

Did you Know…
Polluted stormwater runoff is a leading cause of impairment to unhealthy US waterways – nearly 40%.

Grass clippings left on the street or in the gutter become pollution in our ditches, creeks and rivers. Don’t let your yard waste blow out into the roadway. Collect the yard waste for disposal if it does get off of your property.

At Home and at Work
There are many ways to reduce pollution at home and work, beginning with the 10 Simple Steps.

Businesses such as restaurants, automotive services, construction/development, landscaping and agriculture can also take steps to reduce runoff pollution, including:
- Promote recycling.
- Keep dumpster doors closed and covered to help keep them clean and avoid leaks.
- Use yard and de-icing chemicals sparingly.
- Cover or seed exposed soil so it doesn’t erode.
- Dispose of hazardous materials (paint, chemicals) at proper facilities (not the trash).
- Store and apply manure away from waterways.

How Can You Help?
Get Involved – Show support and contact your local stormwater program for ways to volunteer.

Stay Informed – Take an active interest in our waterways. Find out what’s threatening them and what’s being done to protect them.

Do Your Part – Do not pollute, and report pollution entering our stormwater.

Remember that YOU are the SOLUTION to POLLUTION.

Understanding Stormwater
To find out more about stormwater, visit:

Environmental Protection Agency:
www.epa.gov/npdes/npdes-stormwater-program

For Kids:
www.epa.gov/watersense/watersense-kids

Kentucky:
http://water.ky.gov

Henderson:
www.hkywater.org
E-mail: stormwater@hkywater.org
Phone: (270) 826-2824

www.hkywater.org
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23 Service Request Tags Given Out
08 Work Order Tags Given Out
02 Door Tags Returned
As noted below, several items on this list are awaiting the availability of funds.

1. **North Wastewater Treatment Plant:**
   - **Clarifier Repairs:** This project includes replacement of the metal rotating mechanisms on these two units, which we split out from the larger headworks project. Mark Bowling (MBI) is the contractor. Some work on demolition, concrete repairs, and weir replacement has been completed. Shop drawings on the equipment have been received and reviewed, but we don’t have a delivery date.
   
   Also, working on a project to demolish the old Headworks building, which is right next to the cemetery and looks terrible. This small project is subject of an action report at this meeting.
   
   We received bids on a small project to re-side an existing dilapidated storage building, but the bids came in way over what we had thought, so back to the drawing board on that one.

2. **South Wastewater Treatment Plant – Repair/Rehab of Extended Aeration Basins:**
   - Geotechnical investigation on site is complete, awaiting report. Contract with Wauford for design of this project has been signed. This work will eat up a substantial portion of our capital spending for one year. We had a preliminary plan review meeting on 26 May. Bids to be opened 12 July.

3. **Atkinson Park Sewershed Study - Myrene Drive Sewer Pump Station:**
   - Phased in five sections, design of these projects is progressing. We have several easements appraised, and have four signed on the Myrene FM portion of the work, and one on the Atkinson Park FM, from the Hospital, just north of 14th Street.
   
   The construction of a revamped Myrene Drive pump station is being studied further, to see if there are better alternatives for location and/or arrangement of this station in a cramped location without much room to maneuver. This may require temporary easements from surrounding property owners, and we have met with all those and are adjusting our plans based on their concerns.
   
   We have received the KDOW construction permit for the Spruce Drive portion of the project (which eliminates one pump station). This will not be bid until 2018 at the earliest. Have one easement for this segment signed and recorded.
   
   Easement documents on the North Elm Street portion of the Myrene force main segment were appraised as both right of way and an easement, in anticipation of the City possibly wanting to team with us on property impacts in that section from Villa Drive to Springwood Drive.

4. **South Water Treatment Plant – Rehab Projects: (no change since last report)**
   - Several projects were included in a 2014 preliminary engineering report for the SWTP.
     - **Update on Clearwell Project:** Bidding of the new 800,000 gallon prestressed tank is awaiting availability of funds, and we will likely not bid this until late in the year, if then.
     - **Raw Water:** Plans for the Raw Water & Effluent Lines Relocations have received KDOW review and approval. New agreement with Big Rivers has cleared the way to bid this project, probably next fiscal year, when capital funds are available.
5. **Emergency Generators:**
Kickoff of this project occurred on 2 June 2017. Making progress on setting the scope and potential costs for these improvements.

6. **Future Water Distribution System Projects:**
Looking ahead to possible/planned industrial development in the Riverport and other “south” areas of Henderson, we issued an RFP for engineering firms interested in design of a 20” water main located on S. Main Street from Hancock Street to Yeaman Avenue. This RFP also included painting of the Green River Road water tank. Proposals were due on 26 April 2017, and this is the subject of an action report at this meeting.

7. **Countryview Subdivision Stormwater Project:**
Have submitted plans to Texas Gas for several crossings of their high pressure main, and met with their representative in the field in May 2016 to discuss our crossings and the permits required. HWU Staff working on plans and hoping to start construction on part of this project, this year.

8. **College Tank Painting:**
Open bids on April 12th. Contract awarded to Preferred Sandblasting and Painting (they painted the Vine Street tank last year). Contracts signed, waiting on a schedule from the contractor to set up a pre-construction meeting.

9. **Graham Hill and Green River Road Pressure Zone Studies:**
Have received a draft report from Strand on their Green River Road area study. Pointed out several options, and we are looking at two or three small projects that might have a big impact. Wauford’s Graham Hill study was held up by a data collection difficulty with the City’s meter data, but that has now been received. We met with Wauford on 26 May to discuss their draft report, and they are making some minor changes to address our concerns. Neither of these projects is currently funded, so there’s no urgency.

10. **South Elm Street (Jefferson to Clay) Water Line:**
Work finishing up on street repairs and asphalt paving by the city’s contractor. We are attempting to clean existing older lines on cross streets. It’s likely that we’ll continue this project later this year, and replace the two blocks that run north to Washington, where we will be able to connect to a 20” line laid during the Downtown project. Cleaning existing lines has been a challenge.

11. **Clay Street Sewer Repair:**
This 24” clay pipe crosses the CSX & former Illinois Central RR tracks just south of Clay Street, at the edge of the street. The line shows as existing on our 1918 system map, so it’s been a good investment, but is now broken in two spots under the tracks. We looked at lining, and have come up with an “internal band” system to repair it from the inside. Work will include installing a manhole on the line that will allow us easier access, in the future. Work is continuing, this week.

12. **Riverdale Court: (no change since last report)**
Investigation in this area off South Main Street revealed a previously unknown storm sewer pipe that ties into the Downtown Interceptor near the River. Taking that line off the Interceptor and running a separated storm line to the River will allow about 2 acres of area to be taken off the combined system, at relatively low cost, so we’re working on a plan.
HWU Human Resources Summary: June 19, 2017

Staffing Levels:
1. Maintenance Team Leader [1 position]: waiting for direction from department
2. Utility System Worker I [3 positions]: waiting on drug screen results on 2 candidates; conducting background check on 3rd
3. Utility System Worker II [1 position]: exam is scheduled for June 22nd
4. Distribution System Operator [1 position]: exam is scheduled for June 22nd
5. SOC – Seasonal Worker [4 positions]: no request for action
6. Seasonal Engineering Intern [1 position]: staffing agency employee started May 15th

Safety Report (as of 2/28/2017): **March, April and May data unavailable from new system at time of report

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<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>DART Incident Rate</td>
<td>7.63</td>
<td>+ 7.63</td>
</tr>
<tr>
<td>DAFW Rate</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Trans / Restrict. Rate</td>
<td>0.00</td>
<td>0.00</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.

- No recordable incidents in May.
- The May comprehensive fixed facility safety audits were conducted at the Administration Building and the Systems Operation Center. No major issues were identified at either location. Both locations were last audited in March 2017.

Other:
- Online Safe Driver training (distracted driver training) is now available to those employees who could not attend the classroom sessions.
- Active shooter protocols are being drafted for inclusion in the emergency action plan.

Upcoming City-wide Events:
SAFETY REPORT
A. Safety Committee:

There was no safety committee meeting held in May due to schedule conflicts.

B. Training

Training performed in May:

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

2. Confined Space class was held that gave employees that attended 16 CEU hours toward their water and waste water license.

C. Safety Inspections:

1. Administration Building
   - See facility audit below.

2. Systems Operation Center (SOC):
   - See facility audit below.

3. WTP North:
   - 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 May were on the 1st, 5th, 10th, 15th, 18th, 22nd, and 25th.

4. WWTP North:
   - 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 May were on the 1st, 5th, 9th, 15th, 17th, 22nd, and 25th.
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 May were on the 2nd, 8th, 9th, 16th, 22nd, 23rd, and 30th.

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 May were on the 2nd, 8th, 9th, 16th, 22nd, 23rd, and 30th.

7. **Water Distribution/ Collection System:**

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

**D. Comprehensive Safety Audits:**

1. **Administration Building:**

   There were no issues noted.

2. **Systems Operation Center:**

   There were no significant issues noted.

**E. Recordable Injuries:**

1. There were no recordable injuries in May.
GENERAL MANAGER’S REPORT
Regulatory Issues

**LTCP/CJ Termination, new KPDES Permit** and a **Local Plan Approval** agreed order are still outstanding. We have prepared a response to a draft permit for the North WWTP, but are holding it pending further action by KDOW. There has been movement on KDOW’s end toward our interpretation of the “presumptive” approach used in our LTCP, and this is a very positive development.

Policy Revisions

Policies on **Purchasing, Phones and Pagers**, and **Boot and Clothing Allowances** have been distributed, reflecting changes to job titles that take effect on 1 July. These are not being submitted to you, as another policy you approved allows them to be reissued with changes when other Board action makes minor modifications necessary.

A policy on **Smoking and Use of Tobacco Products in HWU Facilities and Vehicles** is attached, which does need your approval. This adds use of vapor products to the definition of smoking. It reflects action taken by the City Commission to modify the City Smoking Ordinance.

Personnel

We are moving forward with the personnel changes that were included in the new **FY 2017-2018 Budget**, which include upgrades/reclassifications to some positions, and the addition of a water-side **Distribution System Operator**.

All the other changes to grades and pay that were in approved in the new budget will take effect in the first couple of paychecks in July.

Utility Locates – Kentucky 811

In another matter that’s related to personnel, we have been in discussions with the City, and specifically with Henderson Municipal Gas (HMG) about joint provision of utility locate services. HMG was looking at bidding those services out. We have struggled at times to perform these services for water, wastewater and stormwater, due to the increasing workload. We responded to over 3,170 locate requests, last year, and HMG had a similar number.

Not sure how this will all work out, but the discussion has led us to consider having our locates covered by the same bid. We have some reservations about giving up that control, but feel that we must do our due diligence, in case there are potential cost savings.

Longer term, we may be looking at the need for another person for this function, we have one employee doing it full time, and supplement that with another in busy periods. The volume of work increases yearly, since more emphasis has been placed on the liability that contractors and homeowners face if they disturb a utility without first calling in.
1.0 POLICY STATEMENT: On 23 May 2017 the City Commission gave final approval to Ordinance number 16-17, changing local regulation of smoking and use of tobacco products in all places of employment and in places open to the public. Amongst other things, the Ordinance finds that numerous studies have concluded that tobacco smoke is a major contributor to indoor air pollution, and that breathing second-hand smoke is a cause of disease in healthy non-smokers. In this Ordinance, the Commission has added regulation of vapor products.

2.0 PROCEDURES: In keeping with the wording of previously adopted Ordinances and the Commission’s obvious intent that individuals be protected from the negative effects of smoking and tobacco products, all HWU-owned vehicles, buildings, and facilities, have been tobacco free since 1 October 2006. Regulation of vapor products under the City Code is effective 1 June 2017.

2.1 Smoking means inhaling, exhaling, burning, or carrying any lighted cigar, cigarette, pipe, or other lighted tobacco product, or any other lighted substance, whether otherwise legally possessed or consumed in any manner or in any form. Smoking also includes the use of any product which creates a vapor, in any manner or in any form, or the use of any oral smoking device for circumventing the prohibition of smoking in this policy.

2.2 Vapor product means any noncombustible product that employs a heating element, battery, power source, electronic circuit, or other electronic, chemical, or mechanical means, regardless of shape of size and including the component parts and accessories thereto, that can be used to deliver vaporized nicotine or other substances to users inhaling from the device.

2.3 Smoking is prohibited in all indoor areas. This policy applies to all employees, clients, contractors and visitors.

2.4 All smoking directly outside of HWU-owned buildings and facilities or near open windows must be at a reasonable distance from any opening or entrance to the building. No smoker shall obstruct the entrance to the building at any time while smoking.
2.5 All HWU buildings and facilities will be posted as non-smoking.

2.6 No tobacco product shall be permitted to be smoked within a vehicle owned, leased or operated by HWU.

2.7 All HWU-owned vehicles will display an approved “No Smoking” sticker or decal on the passenger side of the front dashboard of the vehicle.

2.8 Individuals smoking tobacco products near HWU-owned, leased or operated vehicles shall maintain a reasonable distance from the vehicle, to not allow smoke or other tobacco products to emanate into the vehicle through a door, window or vehicle ventilation system.

2.9 Applicants should be reminded of this policy at the interview stage.

2.10 No ash trays or ash urns will be permitted within prohibited areas as defined by this policy, except those located to allow employees and visitors the opportunity to dispose of their tobacco product before entering a building or facility.

3.0 RESPONSIBILITY: Department Heads are responsible for ensuring that this policy is monitored and followed within each department.

Employees who violate this policy, and any supervisor who knowingly allows an employee under their supervision to violate this policy will be subject to disciplinary action as defined in the Employee Manual.

APPROVED:

______________________________________
Tom Williams, P.E.
General Manager
BUSINESS

- Tabled Resolution #2017-07 – Sense of the Commission Regarding Cash Reserves and Payment in Lieu of Taxes to the City of Henderson – Remove from Table for Vote
- Action Report #2017-15 – Water Distribution Projects
- Action Report #2017-16 – North Wastewater Treatment Plant – Demolition of Old Headworks
- Action Report #2017-17 – Magnesium Slurry Chemical Bid
- Resolution #2017-18 – Adopting Sucession Plan for Continuity of Government
- Discuss Habitat for Humanity’s Request for Use of HWU Property
- Resolution #2017-19 – Annual Merit Adjustment for Chief Financial Officer
Henderson Water Utility
Action Report # 2017 - 15

To: Henderson Water & Sewer Commission
From: Tom Williams, P.E., General Manager
Subject: Water Distribution Projects
Project No: 22-1802-0076 (GRR Tank)
Date: 19 June 2017

Background:
• HWU operates nine water tanks in our distribution system, six of which serve the City proper, with the other three located in the South System.
• We awarded contracts for a complete inspection and review of all our tanks in Board Action Report 2014-04 (January 2014). Those inspection reports are available for review.
• Based on that study, staff determined that the Frontier, College and Vine Street tanks required substantial repairs and recoating in the short term, to protect our investment in these critical pieces of water infrastructure. Frontier and College were constructed in 1967, and were last painted in 1992. Vine Street was built in 1989, and had prior major maintenance in 1996. Other tanks are set for repairs, rehabilitation and recoating in subsequent years.
• The Frontier Tank was painted in 2015-2016 ($491,667), and Vine Street was painted in the summer of 2016 ($846,297), with work just finished up in April 2017. The College Tank project was awarded at our April 2017 meeting at a total cost of $450,252, and should be completed this summer/fall.
• Staff prepared a Request for Statements of Qualifications (SOQ) for Engineering Services for the Green River Road tank, as the next project in line. The project will likely include a mixing system of some sort, since this tank is one of our problem spots for water age and disinfection byproduct formation, as it is on the far edge of our Frontier pressure zone.
• The SOQ included another distribution system project, a 20” water main extension on S. Main Street, from Hancock to just past Yeaman Avenue. This line will be necessary to serve any further development in the industrial areas on U.S. 60 West and the Riverport. It was included in a water modeling study completed in November 2015.
• Seven firms responded, and an internal committee ranked the responses; Kevin Roberts led that effort.

New Developments:
• Staff recommends proceeding with design and bidding services for rehabilitation of the Green River Road Tank, so that repairs can be bid and constructed in the 2018-2019 Fiscal Year, and proceeding with design work only on the water main extension. Funding has not been identified for the water main project, but it is part of our longer-range planning for serving industrial areas to the south and west, along the KY 425 Bypass and near the Riverport. This line will be needed if a new industry locates in or near Henderson to the south/west.
• Strand Associates, Inc., of Louisville, was selected for both projects, based on our experience with them on other work, and on their project team and approach as identified in the RFP submittal. Our internal committee was unanimous in this choice.
• The SOQ included an option for additional design work, depending on performance on these projects.

Legal Considerations:
• Procurements necessary for the completion of this work have and will follow the Kentucky Model Procurement Code.

Recommendations & Approvals:
• The breakdown of engineering services is: Green River Road Tank ($23,000 for design and bidding); South Main Street Water Line ($68,000 design and bidding). The projects are an unbudgeted capital expenses which will be appropriated from the remaining "Special Projects" line item in the 2015-2016 FY Capital Budget, as we have recently done with other capital projects. We will approve construction administration services for these at a later date.
• Bidding of the GRR Tank project will likely be in the March/April 2018 time frame, so construction expenditures can be pushed into the 2018-2019 fiscal year. It's possible that financial considerations will require this tank project to be pushed back even further.
• The S. Main Water Main project will be carried through to the point of Kentucky Division of Water permit approval, and then will await funding or a need for the project brought on by future development.
• Board approval authorizes the General Manager to initiate all work necessary, including issuance of any bids, purchase orders, engineering services, task orders, change orders, or other authorizations required to complete these designs.
• Award of bids & construction of these projects will require further approval by the Board.

Respectfully Submitted for Approval:

[Signature]

Tom Williams, P.E.
General Manager

Commission Action – 19 June 2017

PASSED: ___________ FAILED: ___________ TABLED: ___________
Henderson Water Utility
Action Report # 2017 - 16

To: Henderson Water & Sewer Commission
From: Tom Williams, P.E., General Manager
Subject: North Wastewater Treatment Plant – Demolition of Old Headworks
Date: 19 June 2017

Project Background:

- The old Headworks building at the North WWTP is no longer in use. It consists of a steel superstructure and metal siding. Due to the corrosive atmosphere, the building is in an advanced state of decay. It is visible from the adjacent Fernwood Cemetery, and is an eyesore. The building serves no useful purpose now, nor can it be re-purposed.
- There are two rotary fine screens in this building that are in decent shape, for which we have no use at present. We have attempted to sell these on GovDeals, to no avail, and have included removal and storage of these units, with an eye to eventual sale or re-use. They are too good to throw away.
- Quotes were obtained to tear the building down, and dispose of all waste. The breakdown is below.

<table>
<thead>
<tr>
<th></th>
<th>Building Demo</th>
<th>Remove/Store Screens</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazex, Inc. – Low Bid</td>
<td>$6,500.00</td>
<td>3,700.00</td>
</tr>
<tr>
<td>M. Bowling, Inc.</td>
<td>9,750.00</td>
<td>2,500.00</td>
</tr>
<tr>
<td>Deig Bros. Lumber &amp; Const. Co., Inc.</td>
<td>83,587.00</td>
<td>10,232.00</td>
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</tbody>
</table>

**Total Of Awarded Bid – Adding 8% Contingency ($800)**

<p>| | |</p>
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<tbody>
<tr>
<td></td>
<td>$11,000.00</td>
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</table>

Budget/Financial Considerations:

- Funds for this work will be taken from the “Special Projects” line in the FY 2016-2017 Capital budget.

Legal Considerations:

- Procurements necessary for the completion of this purchase have and will follow the Kentucky Model Procurement Code.

Recommendations & Approvals:

- Board approval authorizes all items necessary to complete the scope of work for this project, including issuance of any additional bids, purchase orders, change orders, or other authorizations required to complete the project without delay.

Respectfully Submitted for Approval:

Tom Williams, P.E.
General Manager

BOARD ACTION – 19 June 2017

PASSED:_____  FAILED:_____  TABLED:_____  DATE:_____
Henderson Water Utility
Action Report 2017-17

To: Henderson Water & Sewer Commission
From: Kathy Ambrose, CPPO, CPPB Purchasing Manager
Subject: Magnesium Slurry Chemical Bid
Date: 19 June 2017

Background:
- This bid is for a chemical which is used at our South Wastewater Treatment Plant to treat wastewater throughout the year. It was previously considered single-source: although several companies are able to sell this product, none can actually compete with Brenntag’s buying power and close proximity to us.
- A total of five (5) potential vendors were notified of the bid opportunities, as well as public notification via The Gleaner, Twitter, and Facebook.
- The bid issued included co-operative language which would allow any Kentucky city or county agency to purchase directly from the document at the awarded bid price.
- Brenntag Mid-South was the only vendor responding to the bid.
- Award will be effective from 20 June 2017 through 19 June 2018 with the option for two, one-year renewals, if it is determined to be in the best interest of the Utility.

Budget Considerations:
- Purchases of these items are within the operating budget (chemicals).

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Price/lb.</th>
<th>New price</th>
<th>% change</th>
<th>Annual Qty. Lbs. / $</th>
<th>annual difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magnesium</td>
<td>0.217</td>
<td>0.2115</td>
<td>-2.53%</td>
<td>1,150,000 lbs.</td>
<td>$243,225</td>
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</tbody>
</table>

Policy & Legal Considerations:
- It is HWU’s established policy to take the bid(s) evaluated to be in the best interest of the Utility based upon the specifications set out in the original bid document.
- This procurement is in accordance with KRS 45A.365 of the Model Procurement Code.
- Kentucky preference laws did not have any effect upon these bid results.

Recommendation:
- Staff recommends awarding the bids for treatment chemicals to the low bidders per the table attached. A bid summary is available for review.

Respectfully Submitted:

Kathy Ambrose, CPPO, CPPB
Purchasing Manager

Approved for Submittal:

Tom Williams, P.E.
General Manager

Commission Action – 19 June 2017

PASSED: ___________ FAILED: ___________ TABLED: ___________
Resolution No. 2017 - 18

The following Resolution was duly adopted by the Board of Commissioners of the Henderson Water & Sewer Commission at a regular meeting held on Monday, 19 June 2017, at which meeting a quorum was present.

BE IT RESOLVED, that the Henderson Water and Sewer Commission by and through its Board of Commissioners under the authority granted to the Board of Commissioners under Chapter 23 Article II Division 3 Sections 23-36 through 23-45.1 of the City Code of Ordinances, hereby recommends to the Board of Commissioners of the City of Henderson, Kentucky, that the City of Henderson enact and adopt the plan outlined below for orderly succession of the Henderson Water Utility (HWU) leadership team in the event of the absence, disability or inability of upper level employees to effectively manage and direct operations for response and recovery during an emergency or disaster, as required by KRS 39D.030 and 39D.040.

General Manager: In the event of absence, disability or inability of the General Manager during an emergency or disaster, his duties and responsibilities shall be administered by an emergency interim successor, in the following order:

1) Chief Financial Officer,
2) Director of Field Operations, and
3) Director of Plant Operations.
Chief Financial Officer: In the event of absence, disability or inability of the Chief Financial Officer (CFO) during an emergency or disaster, his duties and responsibilities shall be administered by an emergency interim successor, in the following succession order:

1) Director of Field Operations,
2) Director of Plant Operations,
3) Purchasing Manager.

Director of Field Operations: In the event of absence, disability or inability of the Director of Field Operations during an emergency or disaster, his duties and responsibilities shall be administered by an emergency interim successor, in the following succession order:

1) Director of Plant Operations,
2) Utility System Superintendents, in order of seniority, and
3) HWU Field Crew Leaders, in order of seniority.

Director of Plant Operations: In the event of absence, disability or inability of the Director of Plant Operations during an emergency or disaster, his duties and responsibilities shall be administered by an emergency interim successor, in the following succession order:

1) Director of Field Operations,
2) Chief Operator, North Water Treatment Plant, and
3) Other Chief Operators, in order of seniority.

Emergency interim successors shall have the full power to exercise all powers of the office or position to which they succeed, and to commit HWU resources during a time of emergency or disaster if the person normally exercising the position is unavailable. If the preceding person becomes newly available, he or she shall resume the duties being performed by the emergency interim successor, unless he chooses to permit the emergency interim successor to remain in the position until relieved.
This plan will become effective upon the date of legal adoption by the Board of Commissioners of the City of Henderson, Kentucky.

The General Manager is hereby authorized to deliver this Resolution to the City of Henderson, and to communicate the above plan to the Director of the Henderson Emergency Management Agency for incorporation into the Henderson Emergency Operations Plan.

IN WITNESS WHEREOF, having come before the Board of Commissioners on Monday, 19 June 2017, and upon Motion made by Commissioner ____________, and seconded by Commissioner ______________, the Board of Commissioners voted as follows:

<table>
<thead>
<tr>
<th>Commissioner</th>
<th>AYE</th>
<th>NAY</th>
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<tbody>
<tr>
<td>Commissioner, Paul Bird</td>
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<td>Commissioner, George Jones</td>
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<td>Commissioner, John Henderson</td>
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<td>Commissioner, Gary Jennings</td>
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<tr>
<td>Commissioner, Julie Wischer</td>
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___________________________
Tom Williams, P.E.
General Manager
Henderson Water Utility
EXECUTIVE SESSION

- To discuss matter which might lead to the appointment, discipline, or dismissal of an individual employee, pursuant to KRS 61.810 (1) (f)
Resolution No. 2017 - 19
Annual Merit Adjustment for Chief Financial Officer

The following Resolution was adopted by the Board of Commissioners of the Henderson Water & Sewer Commission at a regular monthly meeting held on Monday, 19 June 2017, at which meeting a quorum was present.

WHEREAS, in accordance with the terms of an Employment Agreement under which the Board of Commissioners of the Henderson Water and Sewer Commission (the “Commission”) employs Todd Bowley as Chief Financial Officer of the Henderson Water Utility, it is provided that the General Manager shall annually determine whether to increase the compensation paid to Mr. Bowley; and

WHEREAS, the General Manager has reviewed Mr. Bowley’s job performance and concluded that his performance warrants an increase to base salary.

BE IT RESOLVED, by the Commission that the annual base salary of Todd Bowley for his services as Chief Financial Officer be increased to $74,250, effective on his anniversary date of 6 June 2017.

Recommended by: _________________________
Tom Williams, P.E.
General Manager

IN WITNESS WHEREOF, having come before the Board of Commissioners on Monday, 19 June 2017, and upon Motion made by Commissioner _____________, and seconded by Commissioner _____________, the Board of Commissioners voted as follows:

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R. Paul Bird, Jr., Board Chairman
Henderson Water & Sewer Commission