A. ROLL CALL
B. REQUEST TO ADDRESS THE BOARD
C. APPROVAL OF MINUTES
   - Approval of Minutes from July 16, 2018
   - Approval of Minutes from July 19, 2018 Special Called Meeting
D. MONTHLY REPORTS
   - Financial
   - Plant Operations
   - Field Operations
   - Engineering
   - Human Resources & Safety
   - General Manager’s
     o Memorandum of Understanding with City of Henderson
E. BUSINESS
   - Action Report #2018-21 – Countryview Stormwater Project – Phase 1B
   - Action Report #2018-23 – Annual Renewal of Maintenance Contracts – Azteca Systems, LLC (Cityworks)
   - Resolution #2018-24 – Recommending Revisions to the City Code of Ordinances Chapter 23
   - Action Report #2018-25 – Chemical Powdered Activated Carbon
   - Discuss October Meeting Date
F. EXECUTIVE SESSION – Requested
   - To Discuss Matters Regarding Future Acquisition or Sale of Real Property Pursuant to KRS 61.810 (1) (b)
   - Discussion with a Business Entity on the Siting, Retention, Expansion, or Upgrading of a Business Pursuant to KRS 61.810 (1) (g)
REQUEST TO ADDRESS THE BOARD
ACTION MINUTES OF MEETING
July 16, 2018
ACTION MINUTES
JULY 16, 2018
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 Kevin Roberts, Todd Bowley, John Baker, Tim Fischbeck, Kathy Ambrose, and Patty Brown. Also in attendance were Mayor Steve Austin, City Manager William “Buzzy” Newman, and Donna Stinnett, Public Information Officer. No members of the media were present.

B. REQUEST TO ADDRESS THE BOARD - None

C. RECOGNITION FOR 20 YEARS OF SERVICE

- Mike Moore – Purchasing Aide - June 25, 1998

The Commission recognized Mike Moore for 20 years of service to HWU. Mike was unable to attend the meeting but will be given a “Certificate of Appreciation” and jacket.

D. APPROVAL OF MINUTES

- Approval of Minutes from June 18, 2018

After review, motion was made and approved to accept the minutes of the June 18, 2018 meeting as submitted.

E. MONTHLY REPORTS

- Financial – Discussed and approved as submitted.

Todd Bowley reviewed the fiscal year end June 30, 2018 financial statements with the board. He noted that the numbers are preliminary and will not be finalized until the fiscal year end books are closed sometime in August. This allows time to receive June invoices from vendors and other financial information that will be needed by the City and the auditors. The numbers do include an estimate of what the expenses and revenue will be.

Overall usage was good for June, with trends continuing as before with residential usage down, being offset by the commercial and industrial usage. Cash Flow for the month was down due to the Pilot Payment being made to the City in June and there were 2 big payments made for the basin project at the South WWTP. Cash Flow for the year was down $330,000 which is a better number than was projected. There was $6.4 million in cash at the end of June. The pension liability that is required to be booked increases to $9.6 million. There is a new number to be booked required by GASB which is approximately $3.3 million for retiree health benefits, which means there is a $5 million increase of unfunded liability.
from where we were last year. Anything related to GASB is not included in the Cash Flow statement because it is non-cash. The only thing in this category that affects the cash flow statement are the retirement contributions sent in each month.

Commissioner Jennings pointed out that the Cash Flow Statement is one that needs to be looked at closely each month since it shows the status of Cash which is important to the wellbeing of HWU. He noted that the utility is operating on a fairly thin line and everyone needs to stay abreast of its financial condition. Chairman Bird added that the Board needs to closely watch the projections that were given to the City Commission and make sure things are tracking appropriately. It could come up a year short of the projection or maybe extend a year longer, but it does need to be monitored.

- Discuss Fleet/Fuel Card

  Todd Bowley discussed with the Board the plan to initiate a Fleet Fuel Card program, transitioning from using gasoline tanks at each location to providing fuel cards for vehicles. This method allows closer tracking of who is using the fuel and how often and takes the Utility away from the gas pumping business. Mr. Bowley reported that there are no long-term contracts to sign and if it doesn’t work out it can be discontinued. After discussion, the Board agreed that this seems to be a more reliable way for fueling with better controls.

- Plant Operations – Discussed and approved as submitted.

  Kevin Roberts commented on the testing that has been done at the schools. A few schools tested above the levels, but this was most likely caused because school is out of session and the water is not being used regularly. The schools affected will be retested and the schools are cooperating with staff to correct this problem.

- Field Operations- Discussed and approved as submitted.

  Tom Williams noted that HWU received an award from Kentucky/Tennessee Water that was presented at a banquet on July 10th.

- Engineering – Discussed and approved as submitted.

  Tom Williams reported that the bottom was poured in the second basin last Thursday. It was done at night to keep it from cracking. There is about 3 inches of water on it to help the curing process. The liner should be installed in a couple of weeks and the goal is to have it in service by the end of August.

- Human Resources & Safety – Discussed and approved as submitted.

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

  Tom Williams reviewed the General Manager’s report with the Board. Commissioner Henderson asked about any regulatory issues that will be coming up on the horizon for the utility. Mr. Williams said there are a few different ones that are being looked at, but the normal process usually takes 5 to 10 years before anything is enacted and these will
probably not create any large spending amount, just monitoring and treating. There could be a small capital project for the South Plant concerning phosphorous, but that will be a wait and see period before EPA determines what action is needed to comply.

Commissioner Henderson also noted that there is not a lot of breathing room in the capital budget and if an emergency occurs that must be taken care of immediately it will push other things back further on the list. Everyone agreed that this needs to be monitored carefully.

The Board reviewed the Strategic Plan listed in the report and discussed the Vacuum Truck purchase. Todd Bowley reported that it will probably be financed through a local bank when the time is closer for the truck to be delivered. It will be decided then what the yearly payments will be. The vendor that is providing the truck included a $179,000 trade in for the truck if the next truck is purchased with them. This, of course, is contingent with the condition the truck is in. When it is time to bid for a new truck in 5 years or so, this consideration will have to be noted in the bid documents.

F. BUSINESS

- Action Report #2018-18 – Process Water from Wells – Borax Drive Property

Tom Williams addressed the board on the item concerning drilling a test water well on the Borax Drive property that the City owns. Sometimes these types of wells are used to allure potential industries to the area. The funding will come from the remainder of the “Riverfront” money. This will be awarded subject to the availability of the funding from the City’s grant. After discussion motion was made and approved to accept Action Report #2018-18 for Process Water from Wells on the Borax Drive Property. Strand Associates, Inc. was selected for this project for engineering services which include preliminary investigation and test drilling.

- Action Report #2018-19 – SWWTP – Automation and Renovation Project

After review and discussion, Motion was made and approved to accept Action Report #2018-19 SWWTP – Automation and Renovation Project. The low bidder was M. Bowling, Inc. in the amount of $399,706.30. A grant in the amount of $281,000 from the Delta Regional Authority is available. With this low bid, and adding in engineering costs of $30,000 to date, an additional appropriation to the larger Basin Renovation project will be taken from the “Unidentified Capital Projects” line item in the 2018-19 budget of $180,000, which accounts for the grant, and includes an amount for future engineering and inspection, plus contingency.

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)

Motion was made and approved to go into Executive Session.

H. OTHER BUSINESS (Walked In)
• Resolution #2018-20 – Recommending Changes to Director Positions

Tom Williams reviewed this resolution with the Board, explaining that the proposed changes include eliminating the Director of Field Operations position, not filling the Director of Plant Operations position, having a single Director of Operations position as a contract employee, and adding the position of Treatment Manager. After discussion, motion was made by Commissioner Gary Jennings and seconded by Commissioner George Jones to approve Resolution #2018-20 – Recommending Changes to Director Positions. Roll Call vote was taken as follows: Commissioner Paul Bird, AYE; Commissioner George Jones, AYE; Commissioner John Henderson, AYE; Commissioner Gary Jennings, AYE; and Commissioner Julie Wischer, AYE. Resolution passes. This resolution will be taken before the City Commission for their approval as well.

Motion was made and approved to Adjourn.

The next monthly meeting will be held on Monday, August 20, 2018.
ACTION MINUTES
SPECIAL CALLED MEETING
July 19, 2018
ACTION MINUTES
SPECIAL CALLED MEETING
JULY 19, 2018
HENDERSON WATER & SEWER COMMISSION

A. ROLL CALL

Present at the meeting was Commissioner Paul Bird, Chairman, who presided over the meeting, along with Commissioners John Henderson, and Julie Wischer. Commissioners George Jones and Gary Jennings were unable to attend the meeting. General Manager, Tom Williams and Eric Shappell, Attorney were also present. Other staff members present were Todd Bowley, John Baker, Tim Fischbeck, and Patty Brown. No members of the media were present.

B. BUSINESS

- Resolution No. 2018-20 (Revised) Recommending Changes to Director Positions

  Tom Williams reviewed the changes to the revised resolution which specifies the Classification of the Treatment Manager position as Grade 35 and upgrades the classification of the Utility System Superintendent position to Grade 35. After discussion, motion was made by Commissioner Julie Wischer, and seconded by Commissioner John Henderson to approve this revised resolution. Roll call vote was as follows: Commissioner Paul Bird, AYE; Commissioner George Jones, ABSENT; Commissioner John Henderson, AYE; Commissioner Gary Jennings, ABSENT; Commissioner Julie Wischer, AYE. Motion carries.

C. ADJOURN

There being no further business, motion was made and approved to adjourn.
FINANCIAL REPORT
Financial Summary

For the One Month Ended July 31, 2018
### Operating Revenues

<table>
<thead>
<tr>
<th></th>
<th>July Actual</th>
<th>July 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>Water Sales</strong></td>
<td>$828,631</td>
<td>$802,667</td>
<td>$828,631</td>
<td>$802,667</td>
<td>$8,600,000</td>
</tr>
<tr>
<td><strong>Water Penalties</strong></td>
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<td>2,917</td>
<td>5,039</td>
<td>2,917</td>
<td>35,000</td>
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<tr>
<td><strong>Water Fees</strong></td>
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<td>2,917</td>
<td>1,040</td>
<td>2,917</td>
<td>35,000</td>
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<tr>
<td><strong>Wastewater Services</strong></td>
<td>1,017,212</td>
<td>1,017,333</td>
<td>1,017,212</td>
<td>1,017,333</td>
<td>10,900,000</td>
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<tr>
<td><strong>Wastewater Penalties</strong></td>
<td>4,183</td>
<td>4,183</td>
<td>4,183</td>
<td>4,183</td>
<td>50,500</td>
</tr>
<tr>
<td><strong>Wastewater Fees</strong></td>
<td>1,255</td>
<td>2,917</td>
<td>1,255</td>
<td>2,917</td>
<td>275,000</td>
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<td><strong>Stormwater Impact Fee</strong></td>
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<td>61,631</td>
<td>61,631</td>
<td>61,631</td>
<td>735,240</td>
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<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>1,918,991</strong></td>
<td><strong>1,914,228</strong></td>
<td><strong>1,918,991</strong></td>
<td><strong>1,914,228</strong></td>
<td><strong>20,630,740</strong></td>
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</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>July Actual</th>
<th>July 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>Salaries and Wages</strong></td>
<td>483,581</td>
<td>506,704</td>
<td>483,581</td>
<td>506,704</td>
<td>4,391,435</td>
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<td><strong>Payroll Taxes</strong></td>
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<td>36,636</td>
<td>36,046</td>
<td>36,636</td>
<td>317,513</td>
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<td><strong>Health Insurance</strong></td>
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<td>125,257</td>
<td>110,621</td>
<td>125,257</td>
<td>1,503,083</td>
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<td><strong>Workers Compensation</strong></td>
<td>22,845</td>
<td>25,863</td>
<td>22,845</td>
<td>25,863</td>
<td>103,450</td>
</tr>
<tr>
<td><strong>Other Employee Benefits</strong></td>
<td>1,678</td>
<td>1,734</td>
<td>1,678</td>
<td>1,734</td>
<td>20,812</td>
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<tr>
<td><strong>Car Allowance</strong></td>
<td>900</td>
<td>1,350</td>
<td>900</td>
<td>1,350</td>
<td>16,200</td>
</tr>
<tr>
<td><strong>Electricity</strong></td>
<td>160,340</td>
<td>163,930</td>
<td>160,340</td>
<td>163,930</td>
<td>1,967,154</td>
</tr>
<tr>
<td><strong>Natural Gas</strong></td>
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<td>500</td>
<td>250</td>
<td>500</td>
<td>29,400</td>
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<tr>
<td><strong>Chemicals</strong></td>
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<td>116,333</td>
<td>110,621</td>
<td>116,333</td>
<td>1,396,000</td>
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<tr>
<td><strong>Inventory Expense</strong></td>
<td>8,916</td>
<td>16,667</td>
<td>8,916</td>
<td>16,667</td>
<td>200,000</td>
</tr>
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<td><strong>Fuel</strong></td>
<td>6,068</td>
<td>10,028</td>
<td>6,068</td>
<td>10,028</td>
<td>120,340</td>
</tr>
<tr>
<td><strong>Tools &amp; Small Equipment</strong></td>
<td>6,415</td>
<td>11,304</td>
<td>6,415</td>
<td>11,304</td>
<td>135,650</td>
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<tr>
<td><strong>Safety &amp; Clothing Supplies</strong></td>
<td>2,163</td>
<td>3,900</td>
<td>2,163</td>
<td>3,900</td>
<td>46,800</td>
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<tr>
<td><strong>Lab Supplies and Testing</strong></td>
<td>28,125</td>
<td>37,614</td>
<td>28,125</td>
<td>37,614</td>
<td>451,366</td>
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<tr>
<td><strong>Clothing/Cleaning Allowance</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,575</td>
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<tr>
<td><strong>Vehicle Repair</strong></td>
<td>4,937</td>
<td>5,017</td>
<td>4,937</td>
<td>5,017</td>
<td>60,200</td>
</tr>
<tr>
<td><strong>Other Equipment Repair</strong></td>
<td>13,464</td>
<td>18,225</td>
<td>13,464</td>
<td>18,225</td>
<td>218,700</td>
</tr>
<tr>
<td><strong>Other Structures Repair</strong></td>
<td>17,067</td>
<td>28,175</td>
<td>17,067</td>
<td>28,175</td>
<td>338,100</td>
</tr>
<tr>
<td><strong>SCADA Expense</strong></td>
<td>394</td>
<td>4,220</td>
<td>394</td>
<td>4,220</td>
<td>50,634</td>
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<tr>
<td><strong>Administrative Services</strong></td>
<td>51,663</td>
<td>53,333</td>
<td>51,663</td>
<td>53,333</td>
<td>640,000</td>
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<tr>
<td><strong>Contractual Services</strong></td>
<td>14,883</td>
<td>28,308</td>
<td>14,883</td>
<td>28,308</td>
<td>339,690</td>
</tr>
<tr>
<td><strong>Contractual Labor</strong></td>
<td>-</td>
<td>10,767</td>
<td>-</td>
<td>10,767</td>
<td>129,200</td>
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<tr>
<td><strong>Sludge Hauling and Disposal</strong></td>
<td>56,799</td>
<td>61,667</td>
<td>56,799</td>
<td>61,667</td>
<td>740,000</td>
</tr>
<tr>
<td><strong>Professional Services</strong></td>
<td>1,500</td>
<td>3,958</td>
<td>1,500</td>
<td>3,958</td>
<td>45,700</td>
</tr>
<tr>
<td><strong>Equipment Rental</strong></td>
<td>2,500</td>
<td>3,762</td>
<td>2,500</td>
<td>3,762</td>
<td>45,140</td>
</tr>
<tr>
<td><strong>Audit Expense</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22,000</td>
</tr>
<tr>
<td><strong>Public Contributions</strong></td>
<td>-</td>
<td>250</td>
<td>-</td>
<td>250</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td>687</td>
<td>-</td>
<td>687</td>
<td>-</td>
<td>310,000</td>
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<tr>
<td><strong>Technology Expense</strong></td>
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<td>16,017</td>
<td>10,078</td>
<td>16,017</td>
<td>192,206</td>
</tr>
<tr>
<td><strong>Office &amp; Field Supplies</strong></td>
<td>5,236</td>
<td>9,692</td>
<td>5,236</td>
<td>9,692</td>
<td>116,300</td>
</tr>
<tr>
<td><strong>Telephone</strong></td>
<td>4,556</td>
<td>6,720</td>
<td>4,556</td>
<td>6,720</td>
<td>80,642</td>
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<tr>
<td><strong>Medical Exams</strong></td>
<td>-</td>
<td>608</td>
<td>-</td>
<td>608</td>
<td>7,300</td>
</tr>
<tr>
<td><strong>Travel, Training &amp; Education</strong></td>
<td>2,179</td>
<td>4,213</td>
<td>2,179</td>
<td>4,213</td>
<td>50,550</td>
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<tr>
<td><strong>Dues and Subscriptions</strong></td>
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<td>1,566</td>
<td>1,088</td>
<td>1,566</td>
<td>18,789</td>
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<tr>
<td><strong>Advertising and Printing</strong></td>
<td>250</td>
<td>1,704</td>
<td>250</td>
<td>1,704</td>
<td>20,450</td>
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<tr>
<td><strong>Miscellaneous</strong></td>
<td>200</td>
<td>863</td>
<td>200</td>
<td>863</td>
<td>10,357</td>
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<td><strong>Depreciation</strong></td>
<td>322,500</td>
<td>322,500</td>
<td>322,500</td>
<td>322,500</td>
<td>3,870,000</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>1,589,698</strong></td>
<td><strong>1,740,558</strong></td>
<td><strong>1,589,698</strong></td>
<td><strong>1,740,558</strong></td>
<td><strong>18,914,387</strong></td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td><strong>$329,293</strong></td>
<td><strong>$173,670</strong></td>
<td><strong>329,293</strong></td>
<td><strong>$173,670</strong></td>
<td><strong>$1,716,353</strong></td>
</tr>
</tbody>
</table>
Henderson Water Utility
Variance Analysis
For the One Month Ended July 31, 2018

Operating Revenues
Actual $ 1,918,991
Budgeted 1,914,228
Favorable (Unfavorable) Variance $ 4,763
Percentage Difference 0.25%

Billable Gallons
Through 7/31/18 0
Through 7/31/17 0
Difference 0
Percentage Difference #DIV/0!

Operating Expenses
Actual $ 1,589,698
Budgeted 1,740,558
Favorable (Unfavorable) Variance $ 150,860
Percentage Difference 8.67%

Breakdown of Volumetric Differential For Year to Date Ended

<table>
<thead>
<tr>
<th></th>
<th>Jul-18</th>
<th>Jul-18</th>
<th>Differential %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>#DIV/0!</td>
<td>#DIV/0!</td>
<td></td>
</tr>
<tr>
<td>Industrial (includes IP)</td>
<td>#DIV/0!</td>
<td>#DIV/0!</td>
<td></td>
</tr>
<tr>
<td>Commercial (includes Tyson &amp; HCWD)</td>
<td>#DIV/0!</td>
<td>#DIV/0!</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
<td>#DIV/0!</td>
</tr>
</tbody>
</table>

Due to City reporting issue, will be presented next month. Will offer additional explanation in meeting

Notes

Year end closing procedures are ongoing.
Only one month of activity and based on year end procedures and timing, would not base any overall trends for Fiscal Year 2019 until a few more months based.
Henderson Water Utility
Capital Expenditures Report
For the One Month Ended July 31, 2018

<table>
<thead>
<tr>
<th>Project #</th>
<th>Report No.</th>
<th>Appropriations</th>
<th>Appropriations</th>
<th>Appropriations</th>
<th>Budget</th>
<th>Budget</th>
<th>Project to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWTP Rehab</td>
<td>1802-0051</td>
<td>15-09</td>
<td>860,239</td>
<td>-</td>
<td>-</td>
<td>860,239</td>
<td>857,739</td>
</tr>
<tr>
<td>Countryview Subdivision- HWU portion</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>200,000</td>
<td>200,000</td>
<td>61,619</td>
</tr>
<tr>
<td>Countryview Stormwater- City Contrib</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>200,000</td>
<td>(1)</td>
<td>61,619</td>
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<tr>
<td>Countryview Subdivision Stormwater</td>
<td>1802-0053</td>
<td>14-53</td>
<td>200,000</td>
<td>-</td>
<td>-</td>
<td>400,000</td>
<td>123,238</td>
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<tr>
<td>Atkinson Park Watershed</td>
<td>1802-0058</td>
<td>15-14</td>
<td>213,500</td>
<td>50,000</td>
<td>-</td>
<td>263,500</td>
<td>241,271</td>
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<tr>
<td>S Main St Sewer</td>
<td>1802-0067</td>
<td>16-15</td>
<td>66,000</td>
<td>-</td>
<td>-</td>
<td>66,000</td>
<td>44,458</td>
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<tr>
<td>S Elm Water Lines</td>
<td>1802-0069</td>
<td>17-20</td>
<td>147,225</td>
<td>-</td>
<td>-</td>
<td>147,225</td>
<td>135,559</td>
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<tr>
<td>NWWTB Clarifier Project</td>
<td>1802-0070</td>
<td>16-21</td>
<td>781,472</td>
<td>-</td>
<td>-</td>
<td>781,472</td>
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</tr>
<tr>
<td>Riverdale Stormwater Project</td>
<td>1802-0072</td>
<td>GM Rpt</td>
<td>10,000</td>
<td>-</td>
<td>-</td>
<td>10,000</td>
<td>9,623</td>
</tr>
<tr>
<td>SWWTP Basin Renovations</td>
<td>1802-0073</td>
<td>17-23</td>
<td>2,316,000</td>
<td>1,144,351</td>
<td>-</td>
<td>3,460,351</td>
<td>2,333,960</td>
</tr>
<tr>
<td>Emergency Generator System</td>
<td>1802-0075</td>
<td>17-11</td>
<td>20,000</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>11,410</td>
</tr>
<tr>
<td>Green River Rd Tank Project</td>
<td>1802-0076</td>
<td>17-15</td>
<td>23,000</td>
<td>-</td>
<td>-</td>
<td>23,000</td>
<td>15,699</td>
</tr>
<tr>
<td>S Main St Water Main Project</td>
<td>1802-0077</td>
<td>17-15</td>
<td>68,000</td>
<td>-</td>
<td>-</td>
<td>68,000</td>
<td>67,556</td>
</tr>
<tr>
<td>Hackberry- South Main Water Line</td>
<td>1802-0079</td>
<td>17-29</td>
<td>235,000</td>
<td>-</td>
<td>-</td>
<td>235,000</td>
<td>142,614</td>
</tr>
<tr>
<td>HCC Water Line Extension</td>
<td>1802-0083</td>
<td>18-03</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100,000</td>
<td>(2)</td>
</tr>
<tr>
<td>SWWT Backwash Pumps Proj</td>
<td>1802-0084</td>
<td>18-19</td>
<td>-</td>
<td>180,000</td>
<td>-</td>
<td>461,000</td>
<td>(4)</td>
</tr>
<tr>
<td>Wathen Lane Bridge- HWU portion</td>
<td>-</td>
<td>20,000</td>
<td>-</td>
<td>20,000</td>
<td>-</td>
<td>8,425</td>
<td>8,425</td>
</tr>
<tr>
<td>Wathen Lane Bridge- KCTCS/City Contrib</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,000</td>
<td>(3)</td>
<td>-</td>
</tr>
<tr>
<td>Wathen Lane Bridge- Water Main</td>
<td>1802-0086</td>
<td>18-16</td>
<td>-</td>
<td>20,000</td>
<td>-</td>
<td>40,000</td>
<td>-</td>
</tr>
</tbody>
</table>

Current Fiscal Year Capital Projects

Unallocated Capital Funds
Current Fiscal Year 2019

Total Construction In Progress
4,940,436 | 2,906,646 | - | 6,975,787 | 4,893,066 | 19,446 | 19,446 | 4,929,361 |

Buildings and Improvements:

Previous Fiscal Year Initiated Projects
NWTP Roof Replace | 1804-0018 | GM Rpt | - | 25,000 | - | 25,000 | 188 | - | - | 188 |

Current Fiscal Year Capital Projects
SOC Admin Office Renovations | 1804-0020 | GM Rpt | - | 10,000 | - | 10,000 | - | - | - | - |

Total Buildings and Improvements
- | 35,000 | - | 35,000 | 188 | - | - | 188 |

Equipment and Vehicles:

Equipment:
- | - | - | - | - | - | - | - |

Total Equipment and Vehicles
- | - | - | - | - | - | - | - |

Total Capital Expenditures
$ 4,940,436 | $ 2,941,646 | $ - | $ 7,010,787 | $ 4,893,254 | $ 19,446 | $ 19,446 | $ 4,929,549 |

Capital Appropriations
FY 2019 Budgeted
FY 2018 Carryover (58,354)
Total Available

$ 3,000,000
$ 2,941,646

Notes:
(1) Project being funded 50% by City of Henderson, no budgeted appropriation. Project total $400,000
(2) Project being fully reimbursed by KCTCS, no budgeted appropriation.
(3) Project being funded 50% by KCTCS/City of Henderson, no budgeted appropriation. Project total $40,000
(4) Delta Regional Auth Grant of $281,000 awarded towards this project, HWU funds allocated of $180k for total project budget
Financial Statements

For the One Month Ended July 31, 2018
### ASSETS AND DEFERRED OUTFLOWS

**Current assets:**
- Cash: $5,736,046
- Designated Cash for Contractual Adjustments: $935,200
- Unrestricted Investments: $46,067
- Accounts receivable: $1,745,354
- Inventories: $810,537
- Other current assets: $174,269
- **Total current assets:** $9,447,473

**Noncurrent assets:**
- Construction in progress: $4,929,549
- Utility plant and equipment, net of accumulated depreciation: $77,612,503
- Other assets: $15,966
- **Total noncurrent assets:** $82,558,018

**Deferred outflows of resources:** $4,200,230

**Total assets and deferred outflows:** $96,205,721

### LIABILITIES AND DEFERRED INFLOWS

**Current liabilities:**
- Accounts payable: $351,919
- Retainage payable: $222,320
- Deposits payable: $114,335
- Accrued expenses: $935,200
- Accrued interest payable: $218,009
- Other accrued liabilities: $1,104,382
- Current portion of long-term debt: $2,306,297
- **Total current liabilities:** $5,252,462

**Noncurrent liabilities:**
- Accrued pension liability: $9,637,646
- Accrued OPEB liability: $3,310,089
- Long-term debt: $32,726,183
- **Total noncurrent liabilities:** $45,673,918

**Deferred inflows of resources:** $1,070,316

**Total liabilities and deferred inflows:** $51,996,696

### NET POSITION

Net investment in capital assets: $47,525,538
- Restricted for debt service: 
- Unrestricted: $(3,316,513)

**Total net position:** $44,209,025
### Henderson Water Utility

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

For the One Month Ended July 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>July Actual</th>
<th>July Budget</th>
<th>Year to Date Actual</th>
<th>Year to Date Budget</th>
<th>Fiscal Year Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water sales and fees</td>
<td>$834,710</td>
<td>$808,500</td>
<td>$834,710</td>
<td>$808,500</td>
<td>$8,670,000</td>
</tr>
<tr>
<td>Wastewater services and fees</td>
<td>1,022,650</td>
<td>1,044,458</td>
<td>1,022,650</td>
<td>1,044,458</td>
<td>11,225,500</td>
</tr>
<tr>
<td>Stormwater impact fee</td>
<td>61,631</td>
<td>61,270</td>
<td>61,631</td>
<td>61,270</td>
<td>735,240</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>1,918,991</td>
<td>1,914,228</td>
<td>1,918,991</td>
<td>1,914,228</td>
<td>20,630,740</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, wages, and benefits</td>
<td>756,819</td>
<td>798,719</td>
<td>756,819</td>
<td>798,719</td>
<td>7,229,344</td>
</tr>
<tr>
<td>Contractual services</td>
<td>127,345</td>
<td>161,794</td>
<td>127,345</td>
<td>161,794</td>
<td>1,963,530</td>
</tr>
<tr>
<td>Supplies and materials</td>
<td>162,308</td>
<td>195,846</td>
<td>162,308</td>
<td>195,846</td>
<td>2,377,731</td>
</tr>
<tr>
<td>Utilities expense</td>
<td>160,590</td>
<td>164,430</td>
<td>160,590</td>
<td>164,430</td>
<td>1,996,554</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>35,862</td>
<td>55,636</td>
<td>35,862</td>
<td>55,636</td>
<td>667,634</td>
</tr>
<tr>
<td>Other services and expenses</td>
<td>24,274</td>
<td>41,633</td>
<td>24,274</td>
<td>41,633</td>
<td>809,594</td>
</tr>
<tr>
<td>Depreciation</td>
<td>322,500</td>
<td>322,500</td>
<td>322,500</td>
<td>322,500</td>
<td>3,870,000</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>1,589,698</td>
<td>1,740,558</td>
<td>1,589,698</td>
<td>1,740,558</td>
<td>18,914,387</td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>329,293</td>
<td>173,670</td>
<td>329,293</td>
<td>173,670</td>
<td>1,716,353</td>
</tr>
<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>12,302</td>
<td>4,167</td>
<td>12,302</td>
<td>4,167</td>
<td>50,000</td>
</tr>
<tr>
<td>Other income</td>
<td>5,049</td>
<td>833</td>
<td>5,049</td>
<td>833</td>
<td>10,000</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(73,389)</td>
<td>(73,389)</td>
<td>(73,389)</td>
<td>(73,389)</td>
<td>(860,842)</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td>(56,038)</td>
<td>(68,391)</td>
<td>(56,038)</td>
<td>(68,391)</td>
<td>(800,842)</td>
</tr>
<tr>
<td><strong>Income (loss) before capital contributions and distributions</strong></td>
<td>273,255</td>
<td>105,279</td>
<td>273,255</td>
<td>105,279</td>
<td>915,511</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>-</td>
<td>20,833</td>
<td>-</td>
<td>20,833</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><strong>Change in net position</strong></td>
<td>$273,255</td>
<td>$126,113</td>
<td>$273,255</td>
<td>$126,113</td>
<td>$765,511</td>
</tr>
<tr>
<td><strong>Net position, beginning of period</strong></td>
<td>43,935,770</td>
<td>42,092,075</td>
<td>43,935,770</td>
<td>43,935,770</td>
<td>46,092,186</td>
</tr>
<tr>
<td><strong>Net position, end of period</strong></td>
<td>$44,209,025</td>
<td>$42,218,188</td>
<td>$44,209,025</td>
<td>$44,061,883</td>
<td>$46,857,697</td>
</tr>
<tr>
<td></td>
<td>July</td>
<td>Year to Date</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------------</td>
<td>--------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>$ 1,702,214</td>
<td>$ 1,702,214</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for goods and services</td>
<td>(661,691)</td>
<td>(661,691)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for employees</td>
<td>(757,719)</td>
<td>(757,719)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>282,804</td>
<td>282,804</td>
<td></td>
<td></td>
<td></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        | (86,184)          | (86,184)     |
| Principal payments on long-term debt                  | -                | -            |
| Interest payments on long-term debt                   | -                | -            |
| Proceeds from sale of capital assets                  | -                | -            |
| Capital contributions                                 | -                | -            |
| Net cash provided (used) by capital and related financing activities | (86,184)          | (86,184)     |

| **CASH FLOWS FROM INVESTING ACTIVITIES** |                     |              |
| Investment and other income received                  | 17,351           | 17,351       |
| Investments proceeds                                 | -                | -            |
| Investments purchases                                 | -                | -            |
| Net cash provided (used) by investing activities      | 17,351           | 17,351       |

Net increase (decrease) in cash                      | 213,971          | 213,971      |

Cash, beginning of period                             | 6,457,275        | 6,457,275    |

Cash, end of period                                    | $ 6,671,246      | $ 6,671,246  |
PLANT OPERATIONS REPORT
General Operations:

A. Treatment Plants – Overview:

1. Regulatory:

Lead & Copper Testing: Henderson County School System Update – Safe Water Beyond the Meter:

Testing in our distribution system is being conducted this month. In a proactive and cooperative effort with the Henderson County School System, testing has also continued in the schools. Last month, we reported that we had five locations with elevated levels of lead and/or copper, and that we were waiting on re-test results. Three of the locations (Central Academy, Cairo, and Niagara) came back with higher levels.

HCSS was notified of the results with HWU recommending that we would test again, but with their staff flushing the lines each night prior to the morning we scheduled to pull samples. The results from this showed an overwhelming improvement.

We have scheduled to pull samples the week of 8/20 to see what impact normal school attendance has on these sites, without HCSS staff flushing the night prior to us pulling samples. Results from this will give HCSS the information they need for developing and implementing internal procedures.

We believe this effort to be a great cooperative success in community entities working together to achieve the highest quality water Beyond the Meter (yes, I think we’ll coin this phrase as the slogan for these efforts).

We hope to begin branching this out to other higher-risk locations within the community, such as nursing homes, daycares, etc.
Per- and Polyfluoroalkyl Substances (PFAS / PFOA / PFOS): Tom has given an overview report on these substances in his GM Report. Part of what we try to do is get ahead of the issues, to the degree that we can. The attention these contaminants are receiving and the potential risk they present gave reason enough for us to be proactive in testing our own waters. When asked, we need to be able to say more than, “We don’t think Henderson has a problem.”

In early July, samples were pulled from our Raw and Finished water and tested for FAS (Fluorinated Alkyl Substances). It’s important to understand that these are not regulated contaminants, so, the only limit-guidance available to us is a Lifetime Health Advisory level of 70 parts per trillion (equivalent to 70 drops from an eye-dropper dropped into Lake Okeechobee) of the combined concentrations of PFOA and PFOS. The table below shows a combined concentration of 11.4 ppt in the Raw water and a combined concentration of 10.7 ppt in the Finished water.

<table>
<thead>
<tr>
<th></th>
<th>Raw Water (ppt)</th>
<th>Finished Water (ppt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PFOA</td>
<td>8.5</td>
<td>8.0</td>
</tr>
<tr>
<td>PFOS</td>
<td>2.9</td>
<td>2.7</td>
</tr>
</tbody>
</table>

2. **Operational & Financial:**

No updates to report.

3. **System Water Quality:**

**Water Quality Calls:** Two water quality complaint calls were taken this past month.

- **232 Heilman Ave (Allstate Tower):** A customer from this location stated that the water was orange. Onsite investigation confirmed very discolored water. Nearest hydrant after the facility was flushed, and a through flushing of the building followed afterward. The customer was satisfied.

- **Walmart/Library/Health Department:** Customer called in stating that after drinking the water from the fountains at all stated places, he became sick to his stomach. Chemistries on water from nearest hydrants from each of these places were tested. All results were good. The customer was contacted, informed of our findings, and advised that we do not have the authority to test anything after their meters without the consent of the property owner(s). The customer was satisfied with our findings.
4. **Personnel:**

   **Staffing Levels:**

   a. **Water Quality:** Full operational staff.

   b. **Distribution System Operator:** Full operational staff.

   c. **North Water:** Full operational staff.

   d. **North Wastewater:** Full operational staff.

   e. **South Water:** Full operational staff.

   f. **South Wastewater:** Full operational staff.

   g. **Environmental Compliance & Pretreatment:** Full operational staff.

   h. **Plant & Pump Station Maintenance:** Full operational staff.

   i. **Treatment Intern:** This position was not filled this year due to lack of applications. We would like to explore broadening this position into partnering with HCHS as a mentoring and career-prep opportunity.

5. **Projects:**

   **Plant Beautification Efforts:** This effort is continuing throughout the plants on an ongoing basis.

B. **North WTP:**

1. **Treatment Quality:**

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

2. **Operations & Projects:**

   **Treatment Challenges:** Plant staff worked towards reducing disinfection by-products in the system prior to our quarterly testing last week. Green River Road Tank had to be taken out of service due to extremely high levels. It continues to be our most problematic site. We will likely pursue the installation of a mixing system at this location at the beginning of the year.

   **Plant Optimization:** Optimization has been concentrating mostly on identifying a better Powdered Activated Carbon. We believe that one has been identified which will help us reduce our DBPs at a lower cost per pound.

   **Maintenance:** Work is on-going on numerous items that require staff attention. Good progress continues to be made.
3. **Average Water Treated and Water Pumped Data Trend:**

![Graph showing water treated and pumped data trend (July 2016 to July 2018)]

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 continues to be very good.

   **Biosolids Quality & Hauling:** We continue to be satisfied with both Hazex and Advanced Disposal. Our contracts with both are nearing expiration. We are awaiting a reply from both in regards to extending the contracts one more year.

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

2. **Operations & Projects:**

   **Permit Update:** As reported in the GM Report, we are near having a renewed discharge permit. It went out for public comment last week.

   **Maintenance:** A leak associated with Clarifier #2 is being investigated.

   Diffuser systems in digesters 1 & 4 are on tap for repairs once the weather cools a bit. There needs to be protection from the sunlight, but there is also no air flow in these tanks for workers.

   **UV System:** Power usage has increased due to problems associated with low influent flow (4 MGD at times) and a poorly operating Aeration Basin #3. Maintenance is addressing EAB3, but in the meantime, we will be operating on only one Aeration Basin.

   **Clarifier Rehab:** Clarifier #1 has been put into service and the O&M staff are working out the bugs.

**D. South WTP:**

1. **Treatment Quality:**

   **Water Quality Goals:** All monthly regulatory goals were met.
2. **Operations & Projects:**

   **Treatment Challenges:** Jar testing potential carbons has been completed, and recommendations for award are being processed. We hope to see a big improvement in this area.

   **Operations:** Two of our operators have been cross-training at the North Water Plant, with another two scheduled to begin soon. This is an attempt to show whether or not we need to fill an open WTO1 position that was a relief operator spot at the North Water Plant. A relief operator has been a great benefit at both plants, but with the budget constraints and the transfer of the person who filled that position to a USW1, now is the time to see if we can function well without filling it.

   **Maintenance:** Most work being concentrated on getting Low Service pumps replaced.

3. **Average Water Treated and Water Pumped Data Trend:**

   ![Average Water Treated and Water Pumped Data Trend Graph](graph.png)

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

E. **South WWTP:  

1. **Treatment Quality:**

   **Effluent Quality:** All treatment goals were met. The newest basin remains functioning extremely well.

   **Biosolids Quality:** Our presses have been out of service for needed maintenance work and repairs. Sludge has not been pressed as much as normal this past month resulting in the need for two trucks a day to decrease our solids inventory.

2. **Operations & Projects:**

   **Personnel:** One of our operators, Steve Sigler, passed his Class 1 certification exam. We have 2 others getting scheduled to go for theirs.

   **Aeration Basin Repairs:** An additional Aeration Basin (EAB5) should be ready to go into service within a couple of weeks.

   **Sludge Press Training:** A representative from Phoenix Press conducted a training for our operators and maintenance staff. With most of our operators being new and a lot of our maintenance staff having never received formal training on our belt presses, this was one of the best and most beneficial trainings we have had.
F. Plant & Pump Station Maintenance:

1. **CSO Basin**: We received a call from one of our CSO Basin neighbors, who usually lets us know when the basin needs to be cleaned out. He thanked our crews for the great job they’ve done this year in keeping it cleaned out and pumped down.

2. **NWTP Backwash Actuator**: The actuator that controls the backwash volume flow malfunctioned this past month. We have only received one quote so far – waiting on additional ones to come in.

3. **Admin Building Fountain**: The pump has been installed, and the fountain is working. The lighting has also been repaired. The metal weirs will be repaired and repainted when the fountain is taken out of service for the season.

4. **Pump Station Control Panels**: With the help of the Automation Department, an effort is underway to begin replacing our pump station control panels. Some of these panels are in poor shape and contain a lot of extraneous wiring, switches, etc. from past years and different control panel builders. The new panels are going to be very simple inside. This will not only improve the aesthetic quality at some of the stations but will also help in troubleshooting when there are problems. **(No Change)**

5. **International Paper Pump Station**: This station continues to perform well after needed repairs last month.

6. **SWTP Low Service Pump #1**: Pump #1 was replaced. Parts have been ordered for #2. Both of these were originals.

G. Pretreatment Program & FOG Services:

1. **Industrial Pretreatment Activity**: 2018-2019 Industrial User permits have been issued and will be effective until July 31, 2019.

2. **Compliance Sampling**: Third quarter compliance sampling took place August 13th-15th.

3. **Shamrock Technologies**: A sampling point was installed at Shamrock Technologies on Community Drive. They are now in the Industrial Pretreatment Program.

4. **Compliance Reports**: The Semi-Annual report has been prepared and submitted to the Division of Water.

5. **Violations**: No violations issued this past month.

6. **FOG Program Permit Applications**: La Camperana and Hometown Roots restaurants will be issued FOG permits this month.

7. **FOG Program Impact**: No Updates to Report.

H. Distribution Operator Update:

Henderson Community College Water Quality: After having the new line in service for some time, tests showed very low water quality. After investigation, a critical valve was found to be closed, creating a dead end. The valve was opened, and water quality coming from this new line has shown vast improvement in what is being supplied to HCC.
FIELD OPERATIONS REPORT
General Operations:

A. Overview:

1. Operational:

   Our part of the Wathen Lane project has been completed and was somewhat of a milestone event. Due to one of the parts being made of a different material than what it has always been made of, one of our most senior Crew Leaders had to read a set of instructions for the first time in almost 27 years! One of our newest crew members could only look on in disbelief.

2. Personnel:

   No changes, and we are now at full complement.

B. Automation Department:

1. Beacon Meters: We are in the process of installing nine Beacon devices on water meters located at Gibbs Die Casting, Inc. Beacon devices attach to the Badger brand of water meters and transmit usage readings every night via cellular communications to a website hosted by Badger. We are provided an account and website access for the Beacon devices that we deploy to Gibbs staff, and have set up training for them on the website.

   We currently monitor sixteen locations with Beacon devices. The locations include meters at Beech Grove, Brenntag, Henderson County Water District, International Paper, and Tyson. Adding the nine devices at Gibbs will bring the total to twenty-five.

2. SWWTP Automation: The SCADA upgrade project for the SWWTP has been shelved for now due to bids on that work coming in higher than expected. We will likely be doing that work piecemeal on our own over the next few years, unless another grant is received.

3. Fair Street Booster Station: (No Change) The master control center and SCADA for this station will be relocated to a building or free-standing set of panels, about 35 feet from the current position so that we can remove the existing building that is blocking access to the part of Canoe Creek Subdivision that will soon be developed. This project will require a new electrical meter service, a master control center with motor starters, and possibly a new building to house the controls. Electrical service for this project will be bid, as we estimate it to be close to $20,000.
C. SOC General / HWU General:

1. CSO Consent Judgment

Henderson’s CSO Consent Judgment was officially terminated in Franklin Circuit Court on July 11, 2018. The Consent Judgment was ordered on August 30, 2007, about eleven years ago.

2. This report:

The following section of this report contains some graphs and metrics for activities at the SOC. We would like your feedback on the use and usefulness of this information. Do you get anything out of it, and is it worth the trouble to reproduce this information?
D. 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>
<th>Sewer Line and Service Maintenance</th>
<th>Qty.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Main Repairs</td>
<td>1</td>
<td>Sewer Main Repairs</td>
<td>4</td>
</tr>
<tr>
<td>Water Service Line Repairs</td>
<td>3</td>
<td>Sewer Service Line Repairs</td>
<td>2</td>
</tr>
<tr>
<td>Water Meter Inspection</td>
<td>37</td>
<td>Sewer Manhole Repairs</td>
<td>2</td>
</tr>
<tr>
<td>Water Meter Changes</td>
<td>23</td>
<td>Sewer Main Cleaning</td>
<td>1</td>
</tr>
<tr>
<td>Water Meter Repair</td>
<td>7</td>
<td>Sewer Main Grease Removal</td>
<td>0</td>
</tr>
<tr>
<td>Water Meter Disconnected</td>
<td>5</td>
<td>Sewer Overflow Calls</td>
<td>0</td>
</tr>
<tr>
<td>Water Meter Reposition</td>
<td>0</td>
<td>Sewer Backup Calls</td>
<td>3</td>
</tr>
<tr>
<td>Water Meter Box Cleaned</td>
<td>5</td>
<td>Sewer Blocked Calls</td>
<td>0</td>
</tr>
<tr>
<td>Water Meter Locate</td>
<td>2</td>
<td>Sewer Odor Calls</td>
<td>0</td>
</tr>
<tr>
<td>Water Meter Leak Detection</td>
<td>9</td>
<td>Sewer Service Line Locates</td>
<td>0</td>
</tr>
<tr>
<td>Water Meter Consumption Check</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fire Hydrant Repairs</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low Water Pressure Calls</td>
<td>2</td>
<td>New Services</td>
<td>Qty.</td>
</tr>
<tr>
<td>Water Leak Calls</td>
<td>12</td>
<td>Water Taps</td>
<td>1</td>
</tr>
<tr>
<td>Water Quality Calls</td>
<td>1</td>
<td>Sewer Taps</td>
<td>2</td>
</tr>
<tr>
<td>No Water Calls</td>
<td>3</td>
<td>Sewer Tap Locates</td>
<td>2</td>
</tr>
<tr>
<td>Turn Water Off/On Calls</td>
<td>9</td>
<td>Water Meter Installation</td>
<td>2</td>
</tr>
<tr>
<td>Install Temporary Hydrants</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stormwater Maintenance</th>
<th>Qty.</th>
<th>Miscellaneous Services</th>
<th>Qty.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storm line Repairs</td>
<td>6</td>
<td>Sink Hole Calls</td>
<td>15</td>
</tr>
<tr>
<td>Storm Intake Repairs</td>
<td>0</td>
<td>Inspect Misc. Items</td>
<td>9</td>
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<tr>
<td>Stormwater Flooding Calls</td>
<td>2</td>
<td>Smoke Test Lines</td>
<td>0</td>
</tr>
<tr>
<td>Clean/Unblock Intakes</td>
<td>1</td>
<td>Camera Inspect Lines</td>
<td>9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pump Station Maintenance</th>
<th>Qty.</th>
<th>Regulatory Issues</th>
<th>Qty.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pump Station Repairs</td>
<td>0</td>
<td>Downspout Removal Letters Mailed</td>
<td>0</td>
</tr>
<tr>
<td>Pump Station Inspections</td>
<td>4</td>
<td>Downspout Letters Mailed To Date</td>
<td>228</td>
</tr>
<tr>
<td>Pump Station Cleaning</td>
<td>20</td>
<td>Downspout Removal Requests:</td>
<td>222</td>
</tr>
<tr>
<td>Pump Station Maintenance</td>
<td>8</td>
<td>Total Complied and Re-inspected</td>
<td></td>
</tr>
</tbody>
</table>

HWU Service Call Summary

- 1 - Water Line and Service Maintenance (Total Calls in 18 Sub-Categories)
- 2 - Stormwater Maintenance (Total Calls in 10 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.
E. **Collection System:**

We have just had normal day to day maintenance.

F. **Distribution System:**

The relocation of the 8” water main on Wathen Ln. has begun. The contractor has made a 10” bore with HDPE pipe under the ditch. Our crews will then tie the line back into our main and get it disinfected. Due to mechanical malfunctions there may be a few customer outages during this process.

G. **Stormwater Projects:**

Normal day to day maintenance.
H. Stormwater Phase II:

KSA Annual Conference:

We will be working to transition John Baker’s MS4 responsibilities to somebody, with his retirement. Open question at this point whom that will be, but it likely will be several people.

I. Information Technology Department:

Spent a fair bit of time with John Baker transitioning his website and social media responsibilities to IT. John did a great job and will be missed.

Signed a contract to purchase voice and backup internet services from Spectrum. Their service is approximately $5,000 less per year than our current provider for identical services. The service will not be active until later in the fall as they have to build the fiber-optic infrastructure. We are canceling the contract with our current vendor before the end of the term; therefore, we will incur an early termination fee. The early termination fees will diminish much of our first-year savings.

J. GIS Department:

No report this month.
<table>
<thead>
<tr>
<th>Date</th>
<th>Crew #</th>
<th>Address</th>
<th>Comments</th>
<th>Jamie’s Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/3/2018</td>
<td>Jamie</td>
<td>120 Pines Drive</td>
<td>Thanks for the prompt delivery of the dirt that I am now spreading along the path of the storm sewer right-of-way. The driver was courteous and spotted the load where most needed. The lawn will be much improved. Thanks. Bill Dilbert</td>
<td>This was an email sent to Jamie Wilke from Mr. Dilbert.</td>
</tr>
</tbody>
</table>

04 Service Request Tags Given Out
02 Work Order Tags Given Out
00 Door Tags Returned
ENGINEERING REPORT
1. South Wastewater Treatment Plant – Repair and Rehab of Extended Aeration Basins:

The second basin (#5) is being put into service, with completion of some repair work on a section of the embedment strip that attaches the liner to the concrete floor. This has to be watertight. Work will now shift to Basin 6, the last one to be renovated on this project.

We’re about 370 days into a one-year contract, with at least two months of work remaining. There have been several legitimate weather days above what would be normal for a year, that we will be discussing with the Contractor, Mark Bowling, as we bring this project closer to completion. Liquidated damages may be assessed.

SCADA/Grant Project: The grant we received from Delta Regional Authority ($285k) will not be used on the basins proper, but we have identified other needs at the plant that were not addressed in the rush to get the basin project underway. This will only consist of reworking the existing belt presses, as other phases of the project that were planned were shelved when bids came in higher than expected. We have given a notice to proceed to the contractor, again, Mark Bowling.

2. Atkinson Park Sewershed Study - Myrene Drive Sewer Pump Station:

Phased in five sections, design of these projects is on hold. We have several easements appraised and have six signed on the Myrene FM portion of the work, and two on the Atkinson Park FM, from the Hospital, just north of 14th Street. Easement offers on the North Elm Street portion of the Myrene force main segment have all been signed.

The construction of a revamped Myrene Drive pump station will hopefully be bid in early 2019. This will 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 2020 at the earliest. All easements for the Spruce Drive segment have been signed and recorded.

We had a review meeting with J.R. Wauford on 6 August to get the project for revamping the Myrene Drive Pump Station back on track, after we had an extended downtime while securing easements for
the force main portion of this project; didn’t make sense to move forward with the pump station until all the easements for the FM were acquired. We now have most of the easements signed, and the pump station will likely be bid later this year.

3. **North Wastewater Treatment Plant – Clarifier Repairs:**
   This project has included replacement of the metal rotating mechanisms on the two older clarifier units, as well as new weirs and scum boxes. Mark Bowling (MBI) is the contractor, and the work is now complete, except for the automation/SCADA portion, which should be done shortly.

   This project had a scheduled completion date of 28 September 2017, and ran considerably beyond that, on the order of 39 weeks. Liquidated damages specified in the contract are $1,000 per week, so this will amount to a substantial penalty. We are in discussion with the Contractor on this matter and will report our resolution to you.

4. **Countryview Subdivision Stormwater Project:**
   Some tree clearing adjacent to the subdivision has been performed, along with ditch construction on the outfall for the first phase. Have received a Stream Construction Permit as required by KDOT (project area is in the flood plain), the local Flood Plain permit that parallels the State permit, and have also received our permit from the Corps of Engineers for the outfalls to Canoe Creek. A lightly attended public informational meeting was held on April 12th.

   Bids on the first big phase were received 15 August, and award of a contract is subject of an action report for this meeting. Bids came in higher than expected, and we adjusted the scope of the project, as we were able to do since this was a unit price contract.

5. **South Main Street Water Transmission Main – Hancock to Yeaman:** (no change since last report)
   Strand Associates has prepared plans for this project, and we held a review meeting on 17 October. This project is estimated at $1.5 million and will be critical if a large water user locates in the South/College pressure zone (Riverport/College area). At this point, funds for this project are planned for FY 2020, and our model shows it to be a priority, even without new industrial use in the South/College pressure zone. We will be wrapping up the planning phase shortly.

6. **Hackberry Neighborhood Water Main – Drury Ln to Yeaman Avenue:**
   A remaining portion of this work that we are adding to the end of the project is to tie the S. Main area to a main that’s in an alley between Main and Green Streets.

   There is another portion of this project, which runs along Drury Lane and ties into an existing main at the North WWTP, which we may do later if we decide to move the Hackberry area to the College pressure zone.
7. South Elm Street (Jefferson to Washington) Water Line:
This project will eventually resume with work on the two blocks that run from Clay to Washington, where we will be able to connect to a 20” line laid during the Downtown project. We have retired a problematic old 4” line in Green Street that dead ended at Norris Lane, which required work in the middle of Green Street to switch services over to another line. This was an appropriate time to perform that work, as KYTC plans to repave Green Street through town this summer, so patching we do will be overlaid then. We hope to restart the work along S. Elm soon, as the Hackberry and College projects are now complete.

8. Community College Water Line: (Project Complete)
Project to loop existing water mains on the Henderson Community College campus, retiring some very old water lines, and improving water quality in four buildings, is complete. Test results have been much better.

Branson Surveys has prepared an easement document that will dedicate this work and other lines on the campus to us, clearing up confusion about ownership of some water mains that we have been maintaining, but to which we don’t have clear title. We will be processing a Resolution at the next meeting, dedicating all these lines to the City and accepting them into our system.

9. South Water Treatment Plant – Backwash Pump System:
Operational review of the South WTP shows that the filters undergo backwash for extended periods, which reduces the production capacity of the plant. In a nutshell, the filters were designed to use clean water from the other filters to perform the backwash function. Since all the filters are at the same elevation, there is not sufficient “head” for the filters to quickly and efficiently clean themselves using this system.

To speed up the backwash process, we are looking at a pumped backwash system that will provide more head differential, speeding the process and allowing the filters to be returned to service much faster. J.R. Wauford has been retained to perform the preliminary engineering, and we think this project will cost around $400,000. May be a candidate project for another grant application and be folded into the replacement of the Clearwell.

10. Frontier Tank: (Project Complete, Again)
We noticed a problem with a portion of the paint on the Frontier Tank. Near the top “knuckle” of the tank, there is an area where roller marks were visible, and the paint discolored. Repairs/repainting of a portion of the tank are covered by the contractor’s warranty. The Contractor repeatedly balked at doing this, but we finally reached agreement on a plan and they were here early in July to do this remedial work, which is now complete. The tank is once again, a one-color tank.

11. Buildings at the SOC (Painting and Possible Construction):
The metal storage, garage and crew buildings at the Systems Operation Center are getting in pretty poor shape, with a lot of rusted siding, and now that the City has cleared the lots along the Second Street frontage, are now visible from the main drag. Bids on painting are subject of an Action Report for this meeting.
12. North Water Treatment Plant Roof:
   The last remaining original roof surface on the North WTP main building is on the high, three-story section. This was constructed around 1962, so we’ve gotten our money’s worth out of it, but judging from the pails on the third floor, it needs to be replaced. We prepared specs and plans internally, it was bid on July 11th, and we didn’t receive any responses, so we are looking at our options to just contact vendors directly and get pricing.

13. Emergency Generators: (no change since last report)
   Kickoff of this project occurred on 2 June 2017. Siting of generators has been reviewed by Plant Operators and comments have been resubmitted to the engineering firm. Cost estimates for each location have being developed, and we are considering prioritization of the sub-projects.

14. 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. Requires one easement, which we have not acquired.

15. Wathen Lane Bridge – Water Line Relocation:
   The City has a State-funded project that will replace a substandard bridge north of Wolf Hills Boulevard with a large box culvert. The construction requires us to move an 8” water line, and only a portion of that cost will be reimbursed. We engaged a subcontractor, A & S Services, to do a directional drill to reduce costs and disturbance in the stream, and that work was completed 2 weeks ago. Their pipe string is shown at right. We will now make connections on each end using traditional cut-and-cover methods. That work should be done shortly.
HUMAN RESOURCE & SAFETY REPORT
HWU Human Resources Summary: August 20, 2018

Staffing Levels:

1. Water Treatment Operator I – North Plant [1 position]: exam is scheduled for August 30th
2. Maintenance Technician II [1 position]: interview conducted on August 14th
3. Director of Operations [1 position]: pending ordinance 2nd reading
4. Treatment Manager [1 position]: pending ordinance 2nd reading
5. Utility System Worker I [1 position]: employee transferred July 30th
6. Crew Leader [1 position]: coordinating exam schedule with civil service proctor
7. Treatment Plants – Seasonal Worker [3 positions]: no request for action
8. Seasonal Treatment Intern [1 position]: no request for action

Safety Report (as of 7/31/2018):

<table>
<thead>
<tr>
<th>HWU</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours Worked</td>
<td>88,541</td>
</tr>
<tr>
<td>Total Cases</td>
<td>4</td>
</tr>
<tr>
<td>Days Away/Restricted Time Cases</td>
<td>2</td>
</tr>
<tr>
<td>Days Away From Work Cases</td>
<td>2</td>
</tr>
<tr>
<td>Actual # Days Away From Work</td>
<td>308</td>
</tr>
<tr>
<td>Transfer/Restricted Cases</td>
<td>3</td>
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<tr>
<td>Actual # Days Restricted Duty</td>
<td>68</td>
</tr>
</tbody>
</table>

Incident Rates

<table>
<thead>
<tr>
<th>Incident Rates</th>
<th>HWU</th>
<th>Change</th>
<th>2012 NAICS 2213</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Recordable Rate</td>
<td>8.93</td>
<td>- 1.43</td>
<td>2.8</td>
</tr>
<tr>
<td>DART Incident Rate</td>
<td>4.47</td>
<td>- 0.71</td>
<td>1.4</td>
</tr>
<tr>
<td>DAFW Rate</td>
<td>4.47</td>
<td>- 0.71</td>
<td>0.8</td>
</tr>
<tr>
<td>Trans / Restrict. Rate</td>
<td>6.70</td>
<td>- 1.07</td>
<td>0.6</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 lost time/restricted cases occurred in July.
- No fixed facility audits were conducted in July.
- Safety Training/Coordinator conducted 4 job site safety observations in July.

Other:

Upcoming City-wide Events:
GENERAL MANAGER’S REPORT
General Manager Report  
20 August 2018

Regulatory Issues

The draft KPDES Permit for our North Wastewater Treatment Plant has been published for public comment by KDOW. We have had our consultants review the draft, and it includes everything that we asked for during the nearly 2 years we’ve been talking to KDOW about how the permit would be structured. Public comment period has now ended, but US EPA asked for more time and some additional information. This permit is breaking new ground, and we anticipated that time and resources would have to be expended to get it approved.

Commissioner Henderson asked last month about regulatory issues that we see on the horizon. There’s always something brewing on that front, but we don’t see any single huge item looming that will have a significant financial impact on us, at least in the 1 to 3 year range.

On the Water side, I briefly mentioned the PFAS (Per- and Polyfluoroalkyl Substances) issue last month, and not two weeks later, it was all over the news after an incident in Parchment, Michigan. PFAS are a group of man-made chemicals that includes PFOA, PFOS, GenX, and other chemicals, which have been manufactured and used in a variety of industries in the United States since the 1940s. PFOA and PFOS are very persistent in the environment and in the human body – meaning they don’t break down and they accumulate over time. Manufacturing of stain- and water-repellent fabrics, Teflon and other non-stick coatings, and fire-fighting foams are the major sources of these chemicals.

Studies indicate that PFOA and PFOS can cause reproductive, developmental, liver, kidney, and immunological effects in lab animals, and both chemicals have caused tumors in animal studies. The most consistent findings from human epidemiological studies are increased cholesterol levels. The issue is going to get more attention now, and Kevin will be giving you an update on where we stand on this.

Also, in the water realm, revision to the Lead and Copper Rule (LCR) has been touted and might include requiring a schedule for replacement of lead service lines. The LCR covers not just lead and copper exposure, but also corrosion control treatment. With sampling at the customer’s tap, it is one of the most complicated rules that we must comply with, and the industry is abuzz on potential changes. Still very much an open issue.

Interesting to note some facts on lead. In Flint, Michigan, the number of children with blood levels above the NIOSH “reference level” of 5 micrograms per deciliter (mcd) in 2014 went from 2.2 percent to 3.7 percent. Not a single child in Flint tested above the CDC-recommended level for medical treatment of 45 mcd. By contrast, in the mid-1970’s, the average American child under the age of 5 had a blood level of 14 mcd. An mcd is 1/10th of a part per billion. Kids in Flint were not “poisoned” with lead.

Let’s be clear that we don’t belittle this issue, but perspective is important. We don’t want any local child exposed to elevated lead concentrations, that’s why we have partnered with the School System to test for lead in all County schools and at Holy Name. And we understand now that people are more concerned with their health and the potential for contamination in the water supply, not just lead, but thousands of other things that are present in our world. The hype around incidents such
as what happened in Parchment and Flint may be our most pressing regulatory difficulty, just in explaining what the risks are and how we’re meeting them.

On the Wastewater side of our business, the possibility of a *phosphorus limit* in either of our discharge permits is concerning. The draft KPDES permit for the North plant does not include one, but the South plant’s permit is soon to follow, and it may very well contain a limit, especially by this plant being located on a smaller river. Too soon to tell, or to get exercised, about this.

In the Stormwater arena, things seem to have calmed down with issuance of a new 5-year MS4 permit, and other than the now-normal reporting and regulatory framework we’ve learned to deal with, there don’t appear to be big issues on the horizon.

The other pressing regulatory issue of concern is local. We adopted a *Fat, Oils and Grease (FOG) policy* in February 2016 to implement a long-standing EPA requirement that we had frankly been dragging our feet on because of the issues we’re now facing. Going into older establishments and requiring large expenditures for an unseen problem (from the customer’s standpoint) was always going to be hard; there’s starting to be a degree of pushback. We’re looking at possible revisions, especially grandfathering older businesses, and trying to write something that specifies how to implement other modifications we’ve had to make in a fair and equitable manner. For instance, the new Hometown Roots restaurant in the Soaper Building, requires, by the policy, a 1,000-gallon tank, but in that situation in the downtown area, where would you put it? But, if we make an exception there, why not elsewhere, where an establishment on a small lot has limited space available? Making exceptions leads to situations where we may not be treating everyone equally, but life isn’t fair. That’s not what a restaurateur facing a $15,000 bill for a grease interceptor wants to hear.

Both for us and for those we regulate, an important thing is the concept of *regulatory certainty*, meaning that we know what we’re going to be asked to do, and have the ability to plan for the time and adequate resources to do it. That’s the crux of the matter, and in our conversations with our regulators, what we need to emphasize.

**Office Remodeling at SOC**

In the process of moving offices around at the SOC, we are replacing some well-worn carpet and flooring in the more public spaces, along with lighting upgrades. The floor coverings are being done by an outside vendor, but trim work and other incidentals are being done in-house. When this type of work exceeds $5,000, it is considered a capital expenditure, so we are setting aside $10,000 from the 2018-2019 Capital Budget to cover the work (estimated cost at this point is ~ $8,500, but we are including some additional contingency). By policy this does not require your approval; just letting you know that this will be showing up on future Capital Expenditure reports.

**Habitat for Humanity of Henderson**

In accordance with long-standing policy, we will be waiving tap fees for a house to be constructed by Habitat at 111 Atkinson Street. The total fees waived are $2,195.

**Sludge**

Our *Sludge Disposal* contract (landfilling at Blackfoot in SW Indiana) was rebid in September 2017 and has a maximum of two more renewals after this fall, finally expiring in 2020. On the last rebid,
we only had one respondent (Blackfoot).  **Sludge Hauling** (trucking with Hazex) was bid in August 2016 and was renewed in 2017; it is up for renewal again this month, and we will be executing a renewal for one more year, with the contractual five percent (5%) increase.  Hauling will be rebid in 2019, as things currently stand.

We have awarded the contract to repair/rebuild the belt filter presses at the South Wastewater Treatment Plant (SWWTP), at a cost of nearly $400,000, $280,000 of which is being offset by the DRA grant.  I would like to explain the decision to rebuild, rather than to buy new.  The current presses are just about worn out, as a recent visit from the manufacturer for advanced training of our maintenance and operations crews verified.  We could have opted to replace these presses for probably 30-40% more, but the old presses are built like tanks, with very heavy frames and bracing, and the consensus among our consultants was that we would be better off rebuilding the existing, so that’s the way we’ve gone.

In 2012-2013, we completed a study of our sludge disposal options, which was one of the best planning exercises we’ve had since I’ve been here.  We will consider our options for repeating that drill, in the next few years.  Sludge handling and disposal technologies change all the time, as it’s a big part of the expense picture for everyone that runs a wastewater plant.

A few things have changed on our end, since the study was completed.  We have renovated the North WWTP, and we’re approaching completion of the Basins project at the South WWTP, which may change the quality and quantity of sludge produced there.  With the rebuild of belt filter presses at the SWWTP, we’re investing more in our existing technology, and that will figure into our decisions moving forward.

Re-doing this study every 8 to 10 years seems a reasonable thing.  Overall, this was not an inexpensive effort, costing us in the neighborhood of $50k.  I would expect costs to be somewhat lower when we re-do it, but not a lot.

Bottom line, we will plan on doing an update of the study in the 2020-21 timeframe.  Until then, we will continue the current hauling and disposal arrangements, which have served us well, with little of the drama we’ve seen around this facet of the business in the past.

**Memorandum of Understanding with the City of Henderson**

The Memorandum of Understanding we have with the City, first adopted in 2009 and modified twice since, details how we interact with the City on shared functions.  One of those areas is Safety, and with the recent elimination of our own Safety and Training Coordinator position, we need to modify this document to reflect that change.  Another slight change allows the recently hired Project Engineer position to be non-Civil Service.  Upon your approval of the attached MOU, it will be forwarded to the City for their consent.

**Collection of Past Due Charges**

We have a residential customer who has fallen far behind on payment of water and wastewater charges, and who has ignored our attempts to negotiate a repayment schedule.  I authorized shutting off this water service on 24 May, and we pulled the meter on 4 June.  Eric has now filed an action in Circuit Court to recover the unpaid balance for water/wastewater, in an amount of $32,243.66.
There has been some communication from the customer suggesting they will repair the leak(s) and seek an adjustment under our policy. Still trying to work through how that will happen, because the water will have to be turned back on for a plumber to locate the problem. An adjustment would be sizeable.

Investigation of this and other large penalty and adjustment situations has led Todd down a rabbit-hole of trying to decipher how all that is handled in the City’s billing system. It’s complicated and opaque.
MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING made and entered into this _____ day of ____________, 2018 by and between THE CITY OF HENDERSON, KENTUCKY, a body politic (hereinafter “CITY”) and the WATER & SEWER COMMISSION OF THE CITY OF HENDERSON, also known as the HENDERSON WATER UTILITY (hereinafter “HWU”);

WITNESSETH:

THAT the CITY and HWU entered into a Memorandum of Understanding, dated 26 November 2013, in which the CITY and HWU reached agreement upon the merger of certain functions of HWU into the CITY; and

WHEREAS, that Memorandum was subsequently amended by mutual agreement on 26 November 2013 and 12 February 2016; and

WHEREAS, the CITY and HWU wish to clarify through this new updated Memorandum of Understanding some changes in the nature of such merged functions and also clarify the responsibility or jurisdiction of the CITY and HWU for all operations of HWU from this date;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES, the CITY and HWU agree as follows:

1. HWU has adopted a purchasing policy that parallels the CITY’s purchasing policy in form, and agrees to use the CITY’s accounting and finance systems for accounts payable and receivable, as necessary for HWU’s operations.

2. HWU has incorporated HWU employees into the CITY’s Human Resources Department and payroll system, with the CITY administering Human Resources and payroll

Page 1 of 4
functions for HWU employees. As to any Human Resources decisions which would require for CITY employees the review or consent of a Department Head or the City Manager, the Department Heads and the General Manager of HWU shall hold the same such authority for all HWU employees.

3. HWU shall abide by the Civil Service policies established by the CITY.

4. HWU has adopted the CITY’s employee manual by HWU Board Resolution, with an addendum for HWU employees attached to that manual showing that full authority under the manual over HWU employees shall remain with HWU department heads and with HWU’s General Manager for HWU employees (copy attached as Exhibit A). HWU has adopted the drug and alcohol policy and the blood borne pathogen policy appended to the CITY’s employee manual.

5. Since the CITY provides water and sewer billing services, meter reading, Safety and Training functions, IT functions, HR functions, payroll functions and accounts payable functions to HWU, and the CITY and HWU shall on an annual basis and prior to the approval and implementation of HWU’s annual budget, agree in writing on the assessment of certain governmental services charges to be paid by HWU to the CITY for such services.

6. The CITY and HWU have reached agreement on the sharing of Information Technology (IT) resources, including setting common technology and equipment standards and similar IT policies. The CITY IT Director will provide overall guidance for cooperative CITY and HWU IT functions, and CITY IT staff and the HWU IT Manager will provide support and coverage to each other under his direction. The HWU IT Manager shall continue to be carried on the HWU Employee Roster, and will be under the direction of HWU management.
7. The CITY and HWU have reached agreement on the classification and pay grades for all current HWU employees using the CITY’s pay and grade system. HWU agrees to use the CITY Human Resources Department in the hiring of employees. HWU shall classify all new employees using the CITY’s existing pay and grade system, except the General Manager position or any other position at the Department Head level or above which HWU determines are not classified. HWU, by and through the Water and Sewer Commission, shall provide the CITY with job descriptions and classifications and pay grade for new employees for which no job classification heretofore has existed. HWU, by and through the Water and Sewer Commission remains the sole and final authority for the hiring of employees, for the fixing of the starting pay for new HWU employees, and for establishing employee pay and grade classifications for all HWU future employees, subject to the policies and procedure of the City of Henderson employee manual for new employee entrance rate of pay.

8. After adoption of the HWU Operating Budget, Capital Budget and roster of HWU positions by the Water and Sewer Commission, those items shall be presented to the CITY for integration with the budget and financial reporting of the CITY, in accordance with the requirements of KRS 65A.010.

9. Except as to the sharing of cooperative functions between the CITY and HWU as set forth in this Memorandum of Understanding, HWU, by and through the Water and Sewer Commission, retains all of its authority for its management, for setting policies and procedures, and for operational authority given to it under the enabling Ordinance adopted by the City of Henderson on December 14, 1953, as amended by Ordinance dated January 5, 1954, as also codified by the City of Henderson Code of Ordinances Sections 23-36 thru Section 23-45.1.
10. This revised Memorandum of Understanding replaces a Memorandum of Understanding executed on 26 November 2013, 27 October 2009, as modified on 26 November 2013 and 12 February 2016 and said original Memorandum of Understanding and any addendum thereto is hereby repealed and replaced in its entirety.

This Memorandum of Understanding shall be adopted by resolution of the Commissioners of the CITY and by the Board of Commissioners of HWU, whereafter, upon signature by the Mayor of the CITY and by the Board Chairman of HWU, this Memorandum of Understanding shall be in effect.

WITNESS the hand of the CITY by and through its Mayor, and of HWU by through the Chairman of its Board, effective this _____ day of ______________________, 2018.

THE CITY OF HENDERSON, KENTUCKY

By: _____________________________
    Steve Austin, Mayor

WATER & SEWER COMMISSION OF THE CITY OF HENDERSON
also known as the HENDERSON WATER UTILITY

By: _____________________________
    R. Paul Bird, Jr.
    Board Chairman
BUSINESS

- Action Report #2018-21 – Countryview Stormwater Project – Phase 1B
- Action Report #2018-23 – Annual Renewal of Maintenance Contracts – Azteca Systems, LLC (Cityworks)
- Resolution #2018-24 – Recommending Revisions to the City Code of Ordinances Chapter 23
- Action Report #2018-25 – Chemical Powdered Activated Carbon
- Discuss October Meeting Date
Henderson Water Utility
Action Report # 2018 - 21

To:        Henderson Water & Sewer Commission
From:      Tom Williams, P.E., General Manager
Subject:   Countryview Stormwater Project - Phase 1B
Project #: 22.1802.0053
Date:      20 August 2018

Project Background:

- *This report supplements Action Report 2014-53, which authorized design of this project and was approved on 15 December 2014. It also references Board Resolution 2017-35, dated 16 October 2017, which authorized the first section of this project.*
- Due to the localized roadside flooding throughout Countryview Subdivision and the lack of storm water infrastructure, the City of Henderson and HWU are jointly funding this drainage project, over several years.
- The initial design was an experiment with providing bid documents in a GIS format, and was not entirely useable. Redesign and permitting have taken a good deal of time.
- We re-engineered the first portion of this work, and obtained all necessary permits, so the project is ready to start in earnest. We previously prepared a bid for the first part of Phase I, which included ditching that was mostly outside the subdivision proper. That work is complete. It was authorized in Action Report 2017-35.
- Staff have now prepared plans for the first phase of the actual stormwater piping and inlet installation in a northern portion of the subdivision; this is the first of possibly 5 or 6 phases.
- Bids were received on 15 August 2018, and the apparent low bidder was M. Bowling, Inc. at a total cost of $ 507,459.50.
- This was above the amount we had allocated for this project, so we discussed a reduction in scope with the City and Bowling and arrived at a revised low bid price of $ 452,877.25.

Budget/Financial/Legal Considerations:

- Funds for this work will be taken from the Countryview Stormwater Project line in the Capital Budget.

<table>
<thead>
<tr>
<th>Approved Budgeted Appropriation (prior years)</th>
<th>$ 400,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current spending to date – 08.01.2018 – Engineering and Phase IA</td>
<td>123,238.00</td>
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<tr>
<td>Revised Cost of this Contract</td>
<td>452,877.25</td>
</tr>
<tr>
<td><strong>Total Required</strong></td>
<td><strong>576,115.25</strong></td>
</tr>
<tr>
<td>Additional Funds Required – split 50/50 w/ City (with small contingency)</td>
<td>$ 180,000.00</td>
</tr>
</tbody>
</table>

- The City will be billed for one-half of all expenditures on this project.
- We will continue to fund this work piecemeal in future budgets until all sections are completed.
- Procurements necessary for the construction of this project have and will follow the Kentucky Model Procurement Code.
Recommendations & Approvals:

- Staff recommends the award of Phase 1B to M. Bowling, Inc., in the amount of $452,877.25.
- HWU will make an additional appropriation to the project, and the City will follow-up with a mid-year budget amendment.
- Board approval authorizes all work necessary to complete the scope of work for Phase 1B of this project, including issuance of any additional bids, purchase orders, engineering services, change orders, easement acquisition, or other authorizations required to complete the work without unnecessary delays.

Respectfully Submitted for Approval:

[Signature]

Tom Williams, P.E.
General Manager

BOARD ACTION – 20 August 2018
PASSED:_______ FAILED:_______ TABLED:_______ DATE:_______

53
<table>
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<th>Item #</th>
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<th>Quantity</th>
<th>Unit</th>
<th>Unit Price</th>
<th>Extension</th>
<th>Unit Price</th>
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<tr>
<td>3</td>
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<td>Linear Foot</td>
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<td>4</td>
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<td>Linear Foot</td>
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<tr>
<td>5</td>
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<td>328</td>
<td>Linear Foot</td>
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<tr>
<td>6</td>
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<td>1699</td>
<td>Linear Foot</td>
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<tr>
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<td>Each</td>
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<td>$31,200.00</td>
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<td>10</td>
<td>60&quot; Manhole - &lt; 6&quot; Depth</td>
<td>3</td>
<td>Each</td>
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<td>$14,880.00</td>
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<td>11</td>
<td>72&quot; Manhole - &gt; 6&quot; Depth</td>
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<td>Each</td>
<td>$5,335.00</td>
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<td>$13,463.81</td>
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<td>12</td>
<td>18&quot; Headwall</td>
<td>1</td>
<td>Each</td>
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<td>$2,856.88</td>
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<tr>
<td>13</td>
<td>30&quot; Headwall</td>
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<td>Each</td>
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<td>14</td>
<td>Grading, Seeding &amp; Mulching</td>
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<td>$49,000.00</td>
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<tr>
<td>15</td>
<td>Haulage</td>
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<tr>
<td>16</td>
<td>Asphalt Base (KYT C Class 2 Asphalt Base, 1.OED PG64-22)</td>
<td>320</td>
<td>Ton</td>
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</tbody>
</table>

| $597,459.50 | $572,430.01 | $573,668.00 | $398,845.00 |

Certification: The prices tabulated above are as set forth in the bidder's proposal.
This tabulation is true and accurate, to the best of my knowledge and belief.

By: Thomas D. Williams, P.E.
Kentucky Registered Professional Engineer, No. PE 13875

Notes: No exceptions on Bid Forms
Henderson Water Utility
Action Report # 2018 - 22

To: Henderson Water & Sewer Commission
From: Tom Williams, P.E., General Manager
Subject: Systems Operation Center – Painting of Metal Buildings
Project No: 22.1804.0019
Date: 20 August 2018

Background:
- Several of the outside, open equipment storage buildings at the Systems Operation Center (SOC) at 3rd and Alvasia are metal-sided, date from the original purchase of the property, and have become rusted and unsightly.
- We received bids on 25 July for painting the sides and/or roof of three of these buildings, five companies responded, and the results are shown here:

<table>
<thead>
<tr>
<th>SOC Building Painting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending to Date – through 8.1.2018</td>
</tr>
<tr>
<td>Low Bid from Sam Estes Painting</td>
</tr>
<tr>
<td>Range of other Bids</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
</tr>
</tbody>
</table>

Budget/Financial/Legal Considerations:
- Procurements necessary for the completion of this project have and will follow the Kentucky Model Procurement Code.
- Sam Estes has done work for us in the past (South WTP Cones) and we were very satisfied with their work. They provided all the necessary bonds and insurance in their bid.
- We included $ 25,000 in the 2018-2019 Operating Budget (line item 04-802-4306) for building repairs at the SOC. Accounting standards do not consider painting to be a capital expenditure.

Recommendations & Approvals:
- Funds will be paid from the appropriate line item in the 2018-2019 Operating Budget. While this is a budgeted item, it is being brought to the Commission for approval since it’s over $20,000.
- Board approval authorizes all work necessary to complete the scope of work for this project, including issuance of any additional bids, purchase orders, engineering services, change orders, or other authorizations required to complete the work without unnecessary delays.

Respectfully Submitted for Approval:

[Signature]

Tom Williams, P.E.
General Manager

BOARD ACTION – 20 August 2018

PASSED: _____  FAILED: _____  TABLED: _____  DATE: _____
SOC Roof Painting Bid
Bid Ref# 201833
July 25, 2018  1:30 p.m.

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<tr>
<th>Company</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Sam Estes Painting, Inc.</td>
<td>$27,212.00</td>
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<tr>
<td>Mohan Services</td>
<td>$29,480.00</td>
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<tr>
<td>Tri-State Painting</td>
<td>$64,288.00</td>
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<tr>
<td>Nix Coatings</td>
<td>$64,521.78</td>
</tr>
<tr>
<td>Robinson Painting</td>
<td>$99,616.00</td>
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</tbody>
</table>
Henderson Water Utility
Action Report # 2018 - 23

To: Henderson Water & Sewer Commission
From: Tim Fischbeck, Information Systems Manager
Subject: Annual Renewal of Maintenance Contracts – Azteca Systems, LLC. (Cityworks)
Date: 20 August 2018

Background:
- Henderson Water Utility utilizes Cityworks, a leading web GIS-centric enterprise asset management system, to manage, track, and analyze distribution and plant assets and related work activities. Cityworks is a vital component to ensuring a high level of customer service and protecting our infrastructure.
- Annual maintenance of this software is required to protect our investment by staying current with updates, security patches, new version releases, receiving emergency support and maintaining compatibility with other software used by the Utility.
- Cityworks was installed, and went into production, in 2015. Annual maintenance has been renewed each year.
- The total cost of the annual maintenance agreement is $30,000.

Budget Considerations:
- The cost of this maintenance renewal is within the approved FY 2018-2019 budget amounts. It is being brought up for Board action because the amount is over $20,000.

Policy and Legal Considerations:
- The services listed have been determined to be a single or sole source purchase as outlined in Section 45A.380 of the Kentucky Revised Statutes.
- This procurement is in accordance with KRS 45A.365 of the Model Procurement Code.

Recommendation:
- Staff recommends renewing the Cityworks Annual Maintenance Agreement with Azteca Systems, the developer and distributor of Cityworks.
- Board approval authorizes the General Manager to initiate all work necessary to complete this acquisition, including issuance of any bids, purchase orders, engineering services, task orders, change orders, or other authorizations required.

Respectfully Submitted:

Timothy Fischbeck
Information Systems Manager

Approved for Submittal:

Tom Williams, P.E.
General Manager

Commission Action – 20 August 2018

PASSED: ____________  FAILED: ____________  TABLED: ____________
HENDERSON WATER AND SEWER COMMISSION
RESOLUTION OF THE BOARD OF COMMISSIONERS

Resolution No. 2018-24
 Recommending Revisions to the City Code of Ordinances Chapter 23

The following Resolution was duly adopted by the Board of Commissioners of the Henderson Water & Sewer Commission at a regular meeting held on Monday, 20 August 2018, 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 same 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 revisions to portions of Article II, Division 3 of Chapter 23 of the City Code of Ordinances, commonly referred to as the “Sewer Use Ordinance”, incorporating revisions and additions to:

1) Establishment of the use of the names “Henderson Water Utility” and “HWU”; and

2) Employment of the General Manager and Management employees as recommended by the staff of the Water and Sewer Commission, specifically, changes to job titles for non-Civil Service positions; herewith transmitted to the City by attachment to this resolution.

These changes will become effective upon the date of adoption by the Board of Commissioners of the City of Henderson, Kentucky, and publication as required by KRS Chapter 424.
The General Manager is hereby authorized to deliver this Resolution to the City of Henderson.

IN WITNESS WHEREOF, having come before the Henderson Water and Sewer Commission on Monday, 20 August 2018, and upon Motion made by Commissioner ____________, and seconded by Commissioner ________________, the Board of Commissioners voted as follows:

<table>
<thead>
<tr>
<th>Commissioner, Paul Bird</th>
<th>AYE</th>
<th>NAY</th>
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<tr>
<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
ARTICLE II. WATER AND SEWER SERVICE

DIVISION 3. WATER AND SEWER COMMISSION*

Sec. 23-36. Established.

The management, control and operation of the water and sewer systems of the city shall be carried on by a commission to be known as the "Water and Sewer Commission of the City of Henderson" created, appointed and functioning, as provided in this division. [The water, wastewater and stormwater systems of the city shall conduct daily business as the "Henderson Water Utility", abbreviated when appropriate as "HWU",]

(Ord. No. 06-11, 3-22-11)

Sec. 23-43. Employment of General Manager and management employees.

The water and sewer commission shall have power to employ, fix the compensation of, and discharge, the General Manager, the chief financial officer, the project engineer, and the director of operations. The General Manager shall direct, employ, fix the compensation of, and discharge all other employees of the works and systems. All employees of the works and systems, other than the positions of General Manager, chief financial officer, the project engineer, and director of operations, shall be subject to and under the protection of the civil service system of the City of Henderson.

(Ord. No. 06-11, 3-22-11; Ord. No. 19-16, 6-18-16; Ord. No. 56-17, 9-26-17)
Henderson Water Utility
Action Report 2018-25

To: Henderson Water & Sewer Commission
From: Kathy Ambrose, CPPO, CPPB Purchasing Manager
Subject: Chemical: Powdered Activated Carbon
Date: 20 August 2018

Background:
- Both of our water plants use Powdered Activated Carbon (PAC) for Total Organic Carbon (TOC) reduction. The product which we have been using for several years (Aqua Nuchar) is no longer available so we needed to source a new product.
- Eight (8) potential vendors were notified of the bid opportunities, as well as the public notification via The Gleaner, Twitter, and Facebook. Five (5) vendors returned bid submittals on 21 June 2018.
- The award criteria stated the product with the lowest cost to reduce the TOC to ≤ 1.5 mg/L. Since each plant has different water sources, each plant was evaluated separately.
- WPH 1000 offered by Calgon Carbon Corporation had the best evaluated performance cost for both of our plants. Preliminary calculations through jar testing indicate significant savings. However, until we run the product in our plant through all four seasons, we will not be able to tabulate the actual savings.
- These bids are effective from 21 August 2018 through 20 August 2019, with the option for two, one-year renewals, if renewal is determined to be in the best interest of the Utility.

Budget Considerations:
- Purchases of this product are within the operating budget (chemicals).

Policy 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.
- The bids issued included co-operative language which would allow any Kentucky city or county agency to purchase directly from the document at the awarded bid prices.

Legal Considerations:
- 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 PAC to Calgon Carbon Corporation at the purchase price of 1.075/lb. A bid summary is available for review.

Kathy Ambrose, CPPO, CPPB
Purchasing Manager

Tom Williams, P.E.
General Manager

Commission Action – 20 August 2018

PASSED: 61
FAILED: 61
TABLED: 61
# Bid Tabulation Powdered Activated Carbon

**Bid Ref# 201829_Carbon**
21-Jun-18

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Aulick</th>
<th>SNR</th>
<th>Calgon</th>
<th>Brenntag</th>
<th>Thatcher</th>
<th>Acticarb</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Brand/Name</strong></td>
<td>Aquasorb LP 39</td>
<td>Standard Purification Watercarb 1000</td>
<td>WPH 1000</td>
<td>Carbon Aquasorb LP39/CP-1</td>
<td>Carbpure CP 1000</td>
<td>PS100F</td>
</tr>
<tr>
<td><strong>Price per lb.</strong></td>
<td>1.23</td>
<td>1.07</td>
<td>1.075</td>
<td>1.18</td>
<td>1.2</td>
<td>0.95</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>NWTP Cost per 1000 gallon to reduce TOC to ≤ 1.5 mg/L</th>
<th>SWTP Cost per 1000 gallon to reduce TOC to ≤ 1.5 mg/L</th>
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<tbody>
<tr>
<td></td>
<td>0.3739565</td>
<td>0.1963236</td>
</tr>
<tr>
<td></td>
<td>0.2872296</td>
<td>0.2320188</td>
</tr>
</tbody>
</table>

*Per the bid contract, HWU will evaluate samples of the product to determine cost of treatment using the proposed chemical.*
EXECUTIVE SESSION

• To Discuss Matters Regarding Future Acquisition or Sale of Real Property Pursuant to KRS 61.810 (1) (b)
• Discussion with a Business Entity on the Siting, Retention, Expansion, or Upgrading of a Business Pursuant to KRS 61.810 (1) (g)