

Board of Water Works
REGULAR CALLED MEETING MINUTES
July 17, 2018

Board Members Present:

Mr. Creighton Mershon, Chair
Dr. Sundeep “Sunny” Dronawat
Mr. Paul Esselman
Dr. Sharon Kerrick
Ms. Tierra Kavanaugh Wayne (video teleconference)
Mr. Craig Willman

Not Present:

Mayor Greg Fischer

Others Present:

Mr. Spencer Bruce, President and Chief Executive Officer
Mr. Dave Vogel, Executive Vice President, Customer Service and Distribution Operations
Ms. Kelley Dearing Smith, Vice President, Communications and Marketing
Mr. Tim Kraus, Vice President, Production Operations and Chief Engineer
Dr. Tom Luckett, Vice President and Chief Information Officer
Ms. Lynn Pearson, Vice President, Finance and Treasurer
Mr. Terrence Spence, Vice President, Human Resources and Labor Relations
Mr. Michael Tighe, Vice President, Compliance, General Counsel and Corporate Secretary
Ms. Kim Reed, One Water Liaison
Ms. Leslie Faust, Director, Risk Management
Ms. Jenni Schelling, Director, Internal Audit
Mr. Dave Simmons, Manager, Environmental Health and Safety
Mr. Tim Dudley, Security and Emergency Prep Coordinator
Mr. Matthew Griffith, Strategic Planning and Performance Specialist
Mr. Beau Newton, Vice President of Local 1683 (the Union)
Ms. Beverly Soice, Paralegal

Visitors:

The regular called meeting of the Board of Water Works (“BOWW”) was held on Tuesday, June 19, 2018 at the Louisville Water Company (“Louisville Water” or “Company”) located at 550 South Third Street, Louisville, Kentucky. Chair Creighton Mershon called the meeting to order at 11:10 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

Mr. Paul Esselman moved to approve Regular Called Meeting Minutes of June 19, 2018, seconded Mr. Craig Willman by and the motion was unanimously carried.

Report Provided by the President/Chief Executive Office

Mr. Spencer Bruce reported that Louisville Water had several positive media features in June promoting our economic value to Louisville and the surrounding region. *The Lane Report’s* annual Market Review

highlighted our abundant water supply, our low rates as compared to the rest of the country, our regionalization efforts, and our investment in infrastructure, specifically citing the condition assessment program for large diameter water mains.

American Airlines featured our work with distilleries and economic development in its June in-flight magazine. The airline piece is significant because it resulted from the marketing we have done with digital media and the Kentucky Economic Development Cabinet.

Resolution Approved for Disaster Relief Funds

Mr. Bruce advised Louisville Water is eligible to receive public assistance through Federal Emergency Management Agency (FEMA) as the result of the flooding which occurred in February – March of this year. The assistance will help cover the overtime expense of having personnel at the pump station 24/7 when flood waters were high.

Louisville Water typically does not keep employees at the pump station around the clock. If there is a problem, crews can normally reach the facility quickly and easily. When floodwaters rise, however, Louisville Water staffs the station with two-person crews that work 24-hour shifts as a precaution. The employees basically monitor equipment and make sure everything is operating smoothly. The pump station is the only point of entry for river water that flows to the Crescent Hill Filtration Plant for treatment.

Dr. Sharon Kerrick moved to approve signing of a resolution, required by FEMA, for reimbursement of overtime costs due to flooding earlier this year, seconded by Mr. Esselman and the motion unanimously carried.

Unbudgeted Project Approved for Oak Street Joint Rehabilitation

Mr. Tim Kraus stated the Kentucky, Oak, Glenmary 48-inch main, an unlined cast iron main with leaded joints, was installed around 1890. This main is one of three major feeds to the Cardinal Hill Reservoir. Approximately 1,290 feet of the original 21,190 feet were relocated and replaced with ductile iron pipe in 2002, as part of the 9th Street relocation project. Since 1968, the transmission main has experienced 485 joint leaks, two circumferential breaks, three split pipe failures, and four instances where fittings were repaired. With 44 instances in the last five years, the main break frequency (MBF) for that period is over 200 breaks/leaks per 100 miles of main per year.

In 2016, Pure Technologies performed a leak detection assessment utilizing the SmartBall Technology. This rolling acoustic detection technology pinpointed 74 total leaks on the Kentucky, Oak, Glenmary main. In March 2017, a total of 13 leaks were prioritized by Pure Technologies for repairs. On January 8, 2018, a severe leak surfaced on Grinstead Drive near Bardstown Road. After closer examination, this leak was identified by Pure Technologies as a barrel leak. This barrel leak created concern that other similar leaks may be present. While a project proposal is set that will develop the scope for cleaning and lining of the Oak Street 48-inch main, concerns of the structural integrity of the main now exist with the development of the Grinstead leak. In order to make a decision on the rehabilitation method of this main, an investigation on the barrel leaks must be performed.

This project will address three leaks detected by previous emergency investigations and fund additional leak investigations by Louisville Water crews. From the knowledge gained to date, most of these leaks are assumed to be on the joint of the pipe and can be rehabilitated by reconditioning the lead in the joint and installing a joint clamp over the leaking joint. Most cast iron breaks on transmission mains develop as

leaking joints undermine the pipe and create stresses on the bell of the pipe. These stresses continue to grow over time and eventually lead to bell shear and ultimate failure of the pipe. Investigation into these remaining barrel leaks will assist Infrastructure Planning with decisions on the final mode of rehabilitation for this main and ensure that the major transmission main will continue to reliably serve our community for decades to come.

Mr. Willman moved to fund the unbudgeted Oak Street Joint Rehabilitation Project in the amount of \$460,000. Dr. Kerrick seconded and the motion unanimously carried.

Acquisition of Property Located at 4815 Allmond Avenue Approved

Mr. Dave Vogel reported that Louisville Water's Allmond Avenue Distribution Center is a 50-year-old facility that houses current operations for Distribution, Metering Services, Fleet Maintenance, Construction Inspection and warehousing of materials. The buildings include office space, a fleet maintenance garage, a warehouse, training areas, meter shop and a large yard which houses fleet vehicles and equipment as well as materials storage. Space is extremely limited within the yard area, which creates congestion and safety concerns with employee foot traffic and large heavy equipment utilizing the same corridor with limited separation.

US Millwork occupies a 1.817-acre property located at 4815 Allmond Avenue that abuts the Allmond Distribution Center's employee parking lot. US Millwork fabricates commercial architectural casework at this site and is currently considering the sale of their property. The site includes a 32,000 square foot pre-engineered metal building that was constructed in 1966. The metal building is composed of a small office area and an open floor plan.

This property has been assessed by HDR Maintenance Design Group which performed a condition assessment and feasibility study on the property and building assets. On a scale of 1 (poor condition) and 5 (like new condition) this facility was rated a 3, noting that the property is in good condition. As part of HDR's study, they also identified strategic options for utilization of the facility to meet existing and future needs of Louisville Water's Allmond Avenue Distribution Center.

After a short discussion, Dr. Sunny Dronawat moved to approve the unbudgeted project 224-12-0002, Acquisition of Property at 4815 Allmond Avenue, in the amount of \$1,665,750 and to authorize the Vice President, Production Operations and Chief Engineer to negotiate the purchase of the property for a price in excess of \$250,000. Mr. Esselman seconded, and the motion unanimously carried.

Physical Security

Mr. Tim Dudley provided an overview of the physical security measures in place at Louisville Water facilities which includes contract security, access control, video monitoring, remote site security and training and emergency preparedness.

Second Quarter 2018 Certification of Projects & Change Actions

Mr. Bruce certified that the following Projects and Change Actions were authorized during the Second Quarter of 2018 in accordance with the Capital Projects Authorization Policy and Procedures.

Project Proposals Requiring Board					
Project Number	Project Name	Requested Total Estimate	Contribution	LWC Net Cost	Current Year Estimate
XXXXX ¹	Oak Street Joint Rehabilitation	\$460,000	\$0	\$460,000	\$460,000
Total		\$460,000	\$0	\$460,000	\$460,000

DELETE

Project Change Actions/Admin Notifications Requiring Board Approval:					
Project Number	Project Name	Previously Approved Total Estimate	Change In Total Estimate	Requested Total Estimate	Change In Current Year Estimate
14517	Condition 2016 - PCCP - Greenwood Rd, Tyler-	\$5,390,985	\$400,000	\$5,790,985	\$400,000
14517	Condition 2016 - PCCP - Greenwood Rd, Tyler-	\$5,790,985	\$491,854	\$6,282,839	\$491,854
15023	BEP - New Filter Influent Valves	\$540,000	\$403,200	\$943,200	\$46,800
Total		\$11,721,970	\$1,295,054	\$13,017,024	\$938,654

Project Proposals Approved by the					
Project Number	Project Name	Requested Total Estimate	Contribution	LWCNet Cost	Current Year Estimate
15368	CHPS#8 Impeller Replacement and Pump System	\$120,000	\$0	\$120,000	\$120,000
Total		\$120,000	\$0	\$120,000	\$120,000

Project Change Actions Approved by the President with Total Estimate Changes:					
Project Number	Project Name	Previously Approved Total Estimate	Change In Total Estimate	Requested Total Estimate	Change In Current Year Estimate
14164	Metering - AMR Duty Exchange	\$1,858,660	\$50,000	\$1,908,660	\$50,000
14517	Condition 2016 - PCCP - Greenwood Rd, Tyler-	\$5,153,732	\$237,253	\$5,390,985	\$237,254
14533	I.T. Oracle Identity Management Improvements	\$312,825	\$90,000	\$402,825	\$90,000
14636	Lead 2016 - Roy Wilkins Ave area	\$600,000	\$200,000	\$800,000	\$200,000
15035	Condition 2017 - PCCP	\$7,495,160	\$107,500	\$7,602,660	\$107,638
15061	900 Plan - Long Run Park and Shelbyville Rd	\$1,307,000	(\$200,000)	\$1,107,000	\$620,000
15139	Lead 2017 - Oxford Place Area	\$350,000	\$160,000	\$510,000	\$160,000
Total		\$17,077,377	\$644,753	\$17,722,230	\$1,464,892

Project Change Actions Approved by the President with no change Total Estimate Changes:					
Project Number	Project Name	Previously Approved Total Estimate	Change In Total Estimate	Requested Total Estimate	Change In Current Year Estimate
14553	Transmission - Minor Lane Grid-Tie	\$2,191,500	\$0	\$2,191,500	\$750,000
15047	MRRP 2017 - Lexington Road area	\$1,890,000	\$0	\$1,890,000	\$120,000
15060	680 Plan - Hwy 42, Greenmere Blvd to 13450	\$2,644,000	\$0	\$2,644,000	\$400,000
15254	680 Plan - Rivercrest Dr main	\$2,005,750	\$0	\$2,005,750	\$900,000
15255	Condition 2018 PCCP	\$7,343,000	\$0	\$7,343,000	\$1,782,849
15258	MRRP 2018 - Shelburn Dr area	\$1,439,500	\$0	\$1,439,500	\$110,000
15299	Lead 2018 - Hawthorne Ave area	\$866,200	\$0	\$866,200	\$150,000
15300	Lead 2018 - W Oak St area	\$822,800	\$0	\$822,800	\$400,000
Total		\$19,202,750	\$0	\$19,202,750	\$4,612,849

Status of Open Projects with Total Estimates over \$2,000,000:

Project Number	Project Name	Total Estimate	Total Cost To	Status	Budget Year	Category
10415	Relocation 2004 - Westport Road, Primrose Drive to Ambridge Drive	\$4,492,558	\$6,211,130	Completed Not Closed	2004	Budget
11264	Transmission - Cardinal Hill Second Supply Phase 2B	\$3,708,490	\$125,621	Pending Capital	2005	Budget
11310	BEP - Renovate Sludge Lagoons No. 1 and No. 3	\$7,272,800	\$6,446,359	Work In Progress	2006	Budget
11615	Transmission - Gene Snyder Freeway Section 1B	\$9,133,000	\$381,902	Design In Progress	2007	Budget
11616	Transmission - Gene Snyder Freeway Section 2A	\$6,641,500	\$64,331	Pending Capital	2007	Budget - Program Child
13109	ZPS - Standby Generator	\$9,500,000	\$511,220	Pending Capital	2011	Budget
13264	CHPS - Replace Slate Roof and Improve Masonry	\$6,137,000	\$215,725	Pending Capital	2012	Budget
13274	AMI for Jefferson County	\$58,500,000	\$58,568	Pending Capital	2013	Budget
13364	Relocation 2012 - Blue Lick Road Phase 1	\$4,198,144	\$4,191,183	Completed Not Closed	2012	Budget - Unbudgeted
13512	ZPS - Station #3 Slate Roof Replacement and Masonry Improvements	\$6,569,000	\$2,945,177	Work In Progress	2013	Budget
13523	690 Plan - Preston Highway, Collins Hill Road to Rolling Fork	\$5,863,521	\$5,829,733	Completed Not Closed	2013	Budget - Program
13650	Relocation 2013 - 690 Plan - Preston Hwy Corridor T&D- John Harper Hwy to Highway 44	\$3,655,000	\$1,191,411	Work In Progress	2014	Budget - Unbudgeted
14099	Condition 2014 - PCCP Grade Lane and Preston Highway	\$2,870,000	\$2,760,942	Completed Not Closed	2014	Budget - Program
14321	Rehabilitation 2015 - Eastern Pkwy 48-inch main	\$25,761,000	\$14,535,495	Work In Progress	2015	Budget
14325	CHFP - Chemical Building and Lab Fire Protection and Office Space Improvements for Productions	\$4,882,740	\$283,307	Design In Progress	2015	Budget
14330	CHWTP - Standby Generator	\$12,987,000	\$2,086,663	Work In Progress	2015	Budget - Unbudgeted
14498	ZPS,CHPS - 13.8 KV Switchgear Rehab	\$2,174,287	\$2,030,419	Completed Not Closed	2015	Budget - Unbudgeted
14515	Condition 2016 - CH Yard Piping and Valves	\$6,741,755	\$4,191,060	Completed Not Closed	2016	Budget - Program
14517	Condition 2016 - PCCP - Greenwood Rd, Tyler-Durrett Ln, Palatka Rd	\$5,153,732	\$5,007,683	Work In Progress	2016	Budget - Program
14524	ATT RBF for CH	\$221,905,253	\$5,584,446	Design In Progress	2017	Budget
14530	I.T. - Business Intelligence Expansion: Financial and Human Resources Analytics	\$2,267,127	\$0	Pending Capital	2017	Budget
14534	I.T. - Oracle Utilities CCB,MWM Enhancements	\$3,500,000	\$2,370,667	Work In Progress	2016	Budget
14536	I.T. - Work and Asset Management System - WAM	\$23,526,488	\$9,310,624	Work In Progress	2016	Budget
14542	Transmission - Urton Lane	\$5,297,725	\$171,439	Design In Progress	2017	Budget
14543	860 PZ - Bardstown Road Elevated Storage Tank	\$6,700,000	\$3,164,494	Design In Progress	2016	Budget
14545	Transmission - I-64 Transmission Main, I-64 Clark Station Rd to Hwy 55 in Shelby Co	\$16,180,300	\$8,078,023	Work In Progress	2016	Budget
14553	Transmission - Minor Lane Grid-Tie	\$2,191,500	\$2,066,654	Work In Progress	2016	Budget - Unbudgeted
15035	Condition 2017 - PCCP	\$7,495,160	\$4,864,895	Work In Progress	2017	Budget - Program
15036	Condition 2017 - Reservoir Yard Piping and Valves	\$5,000,000	\$48,357	Design In Progress	2017	Budget - Program
15060	680 Plan - Highway 42, Greenmere Boulevard to 13450 Highway 42	\$2,644,000	\$694,741	Work In Progress	2017	Budget - Program
15180	Condition 2018 Raw Water Feed	\$10,000,000	\$2,718,764	Work In Progress	2017	Budget - Unbudgeted
15253	900 Plan - Old Henry Rd to Terra Crossing Blvd	\$2,372,000	\$56,325	Design In Progress	2018	Budget
15254	680 Plan - Rivercrest Dr main	\$2,005,750	\$852,828	Work In Progress	2018	Budget - Program
15255	Condition 2018 PCCP	\$7,343,000	\$880,498	Work In Progress	2018	Budget - Program
15264	MRRP 2018 - Virginia Ave area	\$2,331,500	\$53,592	Design In Progress	2018	Budget - Program
15265	MRRP 2018 - Glaser Ln area	\$2,005,900	\$7,104	Design In Progress	2018	Budget - Program
1	Awaiting Board of Water Works Approval					
	<ul style="list-style-type: none"> Pending - An approved project that has not yet begun. Some projects may go to Design and back to Pending if put on 'hold' with no construction. Design - The project is currently in Preliminary or Final Design, but a contract has not yet been awarded for construction. Work in Progress - Project has full approval to move forward, construction has begun, and a contract has been executed, if applicable. Complete Not Closed - Construction is complete, assets are in-service, but the project has not yet been closed due to various reasons. Contributed Capital is excluded from the Total Cost. 					

Second Quarter 2018 Certification of Contracts & Bids

Mr. Bruce certified that the following contracts were awarded during the Second Quarter of 2018 in accordance with the Purchasing Policy and Purchasing Procedures.

Construction

16-124	Minor Lane 30-Inch Grid Tie and N. English Station Road 36-Inch Grid Tie – Change Order # 1	
14553	MAC Construction and Excavating, Inc.	\$110,848
17-150	48-inch Main break Grinstead at Bardstown Rd.	
342-18-0026	MAC Construction & Excavating, Inc.	Estimate\$215,000
17-150	Condition 2017-PCCP Assignment to Master Agreement 17-150- Transmission System Repairs and/or Capital Improvements.	
15035	Mac Construction \$ Excavating, Inc.	\$575,147
17-156	680 Plan-US Hwy 42 from Greenmere Blvd to 13450 US Hwy 42 - Change Order # 1	
15060	Cleary Construction, Inc.	\$217,115
18-22	Mitchell Hill Road Water Main Replacement	
15163	Garney Companies, Inc.	\$581,980
18-28	Windsor Place Area Lead Service Renewal Project	
15297	Basham Construction & Rental Co, Inc.	\$625,000
18-57	Allmond Ave Warehouse Racking Rehabilitation	
15118	Cardinal Integrated Systems	\$152,796
18-59	Bush Farm Road Grid Tie	
15189	Trico Energy, LLC	\$59,595
18-63	Forest Park Drive Water Main Replacement	
15261	Garney Companies, Inc.	\$567,567
18-66	Parkridge Tank Coatings Renovation	
15325	American Suncraft	\$347,700
18-69	South Park BPS and Hollyvilla PRV Weathertightness Improvements	
15248	Advanced Paving and Construction Co, Inc. (CWBE)	\$48,950
	SUM BY BIDS AND AWARDS CATEGORY	\$3,501,698

Procurement of Materials and Services

	Apple iPads Purchase.	
	Verizon	\$53,998
	Computer Systems Purchase/ MA-758-0600001126	
	Dell	\$58,398
	Increase to Oracle Identity Management Solution- Phase 2	
	SysDataLogics	\$211,176
14634	Material Order-24" Horizontal Gate Valve and Couplings	
	Ferguson Waterworks # 1491	\$25,287
	Request for order on Open Market- 12" Ductile Iron Pipe (DIP)	
	Ferguson Waterworks	Estimate \$61,992
07-60	Assignment of Master Agreement for Transmission Main repair	
	MAC	\$69,023
09-102	Engineering Services for Distribution System Design. One Year Contract Extension	
	Kenvirons, Inc., HDR Engineering, Inc., and QK4	Estimate\$500,000
11-11	PeopleSoft Managed Services. RFP 7th CPI Renewal	
	Sierra-Cedar	Estimate\$360,000
12-46	Brokerage Services for Medical, Dental, Medicare, HMO/Supplement, Short/Long Term Disability and Life Insurance	
<i>6th CPI Renewal</i>	AON Risk Service	\$45,734
12-89	Louisville Water Company - Property Protection - 2-month 2018 Contract Extension	
	Frederick Asset Protection	Estimate \$66,983
14-119	New Services - 4th CPI Renewal	
	Basham Construction	Estimate\$272,081
	Debbie Sutherland Excavating (CWBE)	Estimate\$829,406

14-21	Plant & Facilities Engineering Services - Master Agreement – RFP (Technical-45%, Interview-30%, Cost-25%) 3rd Renewal CDM Smith, HDR, Gresham Smith & Partners	\$500,000
14-28	Valve Boxes, Lids & Risers -4th and Final PPI Renewal General Foundries	Estimate \$68,539
14-29	Spring Loaded Detector Check Valves - 4th and Final PPI Renewal Plumbers Supply	Estimate \$42,726
15-0423	Auditing Services- 3rd CPI Renewal Crowe Horwath	Estimate \$68,855
15-06	Water Pressure Regulators. 2nd PPI Renewal Ferguson Waterworks	Estimate \$75,934
15-99	Crew Truck Cab & Chassis. 2nd PPI Renewal Kentucky Truck Sales, Inc.	\$215,787
16-0216	Waste Disposal- Joint Bid with MSD -2nd Renewal Waste Management of Kentucky	Estimate \$41,120
16-04	Auto Part & On-Line Store (Metro Louisville Bid) - 4th Metro Renewal Period Napa Auto Parts	Estimate\$650,000
<i>Metro Louisville Contract</i>		
16-126	Assignment from Master Contract for Contingency Pump Repairs. RPM Inc. CHPS #8 Pump Improvements RPM, Inc.	Estimate \$97,438
17-12	Security Services- 1st Contract Renewal Frederick Asset Protection	\$48,830
17-14	Ductile Iron Fittings. 1st PPI Renewal. C.I. Thornburg Ferguson Waterworks	Estimate \$26,577 \$319,752
18-19	Uniforms National Workwear, Inc.	Estimate \$66,718
18-50	Janitorial Services Facilities Management Services JJC Maintenance, LLC National Janitorial and Building Services Corp	\$58,800 \$30,100 \$64,674
18-51	Flat Faced Spool Flanges Derby Welding & Machine Co.	Estimate \$63,285
18-52	Aluminum Hatches Straeffler Pump and Supply	\$162,930
18-58	Cement- To be used in Concrete, Mortar, Grouts and general Construction application. Cemex/Kosmo Cement Company	Estimate \$84,534
18-64	10 YD Mobile Mixing Concrete Truck Pro-All International Mfg., Inc.	\$226,625
18-65	Polywrap Hamilton Plastics, Inc.	\$47,546
18-71	Hydraulic, Machine & Gear Oils Key Oil Company Whayne Supply Company	Estimate \$56,256 Estimate \$54,558
GSA Contract	Oracle Utilities CCB, MWM, OUCSS Enhancements & Support Extending Contract Services. Assignment from Master Agreement. Change Order #1 V-Soft Consulting (MBE)	\$140,000
<i>14534-GS35F495AA</i>		
KY Contract# 758140000876	Cisco UCS Server Upgrade PROSYS Information Systems	\$78,641
KY Contract# MA- 758140000876	Cisco UCS Server Memory Upgrade PROSYS Information Systems	\$78,624
KY MA- 758180000597	Veritas License Renewal Software House International (SHI) CMBE-CWBE	Estimate \$22,086
KY State Contract Purchase	Three (3) 2019 Ford F350 XL (4WD Diesel V8) ET Turner Trucks. Paul Miller Ford/ Manning Equipment	\$195,418
<i>MA-758-180000180</i>		

KY-MA-758160000490	DD4200 ES30-45TB Shelf.		
	Dell EMC (MNWNC-109)		Estimate \$35,978
MA7581800000180	KY State Contract Purchase Vehicle-One (1) 2019 Ford F450 XL (4WD Diesel V8) Meter Repair Leader Truck		
15275	Paul Miller Ford/ Manning Equipment		\$112,124
MA7581800000180	KY State Contract Purchase Vehicle-One (1) 2019 Ford F450 XL ext. Cab (4WD Diesel V8) w/Snow Plow Truck		
15075	Paul Miller Ford/ Manning Equipment		\$120,561
MA7581800000180	KY State Contract Purchase Vehicles		
	Paul Miller Ford Six (6) Ford F150 XL Extended Cab (4WD V8)		\$216,818
RFP 15-45	IT Project Consulting Services - Master Agreement- Transition effort for 2018-2019 for Oracle Utilities Enhancements Assignment #5		
	TMG Consulting, Inc.		\$1,155,456
RFP 16-21 Renewal	2018 Reporting Development, Enhancements and Support		
	Intoollect LLC		\$39,000
SUM BY BIDS AND AWARDS CATEGORY			\$7,820,368

Procurement of Professional Services

Change Order #1	Middletown/English Station Road Property Improvements		
15352	Sabak, Wilson, & Lingo Inc.		\$25,000
SUM BY BIDS AND AWARDS CATEGORY			\$25,000

Procurement of Sole Source Materials and Service

	2018 Residential Water Customer Satisfaction Survey		
	J.D. Power		\$30,000
	Replacement of Leak Detection Equipment		
3999-322-0003	540 Technologies		\$25,000
	River Bluff Temporary Pump Rental & Installation		
18903	Allied Technical Services Inc.		Estimate \$36,492
Sole Source	Renewal of Automic Maintenance		
	Computer Associates (CA) Automic		\$243,628
Sole Source	Underground Locate Requests (Kentucky 811 Call Center)		
	Kentucky Underground Protection, Inc. D/B/A		Estimate \$412,296
SUM BY BIDS AND AWARDS CATEGORY			\$747,416
GRAND TOTAL			\$12,094,482

Property Acquisition

Mr. Bruce advised that this item would be discussed in closed session.

Closed Session

Mr. Esselman moved to go into closed session at 12:30 p.m. pursuant to KRS 61.810(1)(b) to discuss the acquisition of a property interest, Mr. Willman seconded, and the motion unanimously carried.

Resume Open Session

Mr. Esselman moved to return to open session at 1:47 p.m. seconded by Dr. Dronawat and the motion unanimously carried. No action was taken in closed session.

Financial Report Given

Ms. Lynn Pearson summarized the Financial Report for June.

June was an outstanding month financially for Louisville Water, with consumption driving water sales that were well in excess of budget and prior year. In addition, other operating revenue, operating and maintenance expenses and non-operating income and expense also performed favorably to budget, contributing to net income that was substantially higher than budget for the month. Details of the Company's financial performance as compared to budget and prior year are as follows.

Consumption of 3.0 billion gallons for June 2018 is 355 million gallons higher than budget, and 204 million gallons higher than June 2017. The favorable variances were partially due to timing of revenue recognition between May and June, but even without this timing issue June would have been a very strong month for consumption. Year-to-date consumption remains over budget and prior year, by 4.2% and 3.8% respectively. Every customer class except for industrial is higher than both budget and prior year for first six months of the year.

Water Revenue for June 2018 is \$1.5 million higher than budget and \$1.3 million higher than prior year. Water revenue through June surpassed budget by \$1.8 million and is \$4.6 million more than last year. Higher consumption is a key factor driving increased water revenue for the year-to-date period as compared to both budget and prior year levels.

Other Operating Revenue for June is \$15,000 higher than budget and \$371,000 lower than year-ago levels. The budget variance for the month is due to higher service line protection revenue and temporary service fees partially offset by lower disconnect fees. Both the June and the year-to-date variance to prior year is due to contract operations revenue recognized in 2017 related to the amount charged by the Company for cleaning the lagoons at Ft. Knox. Through June, other operating revenue exceeds budget by \$51,000 and is \$79,000 lower than the prior year. The variance to budget for the year-to-date period is primarily attributable to higher revenue from late fees, service line protection and strategic initiatives, partially offset by unfavorable variances in disconnect fees and contract revenue.

Operating and Maintenance Expenses for June of \$6.2 million are \$371,000 lower than budget and \$99,000 higher than June 2017. The favorable variance to budget for June is primarily in contractual services, equipment maintenance, utilities and insurance reserves partially offset by higher bad debt and chemical expense. Timing issues were largely responsible for the favorable variance in equipment maintenance. June year-to-date operating and maintenance expenses are essentially flat to budget, coming in within \$15,000 or 0.04%. For the year-to-date period, budget variances in labor and labor related expenses, power, chemicals, bad debt and insurance reserves, are almost totally offset by lower materials and supplies, contractual services, memberships and travel and training costs. The large number of main breaks earlier in the year had a significant negative impact on labor costs and a number of other expense categories.

Total Operating Expenses for June of \$11.2 million are \$322,000 lower than budget and \$205,000 more than June 2017. Total operating expenses year-to-date are higher than budget and prior year, by 0.02% and 6.8%, respectively. The favorable budget variance for the month of June is mainly due to lower operating and maintenance expenses and lower loss on disposition of property, offset by higher depreciation. The year-to-date budget variance is due to lower loss from disposition of property offset by higher depreciation costs.

Non-Operating Income through June is \$940,000, which is \$125,000 higher than budget and \$420,000 more than the same period in 2017. The variance to prior year is due to funds reinvested in treasury securities at a substantially higher effective rate than those which matured late in 2017. The variance to budget is due to receiving a higher rate on the new treasuries than anticipated.

Non-Operating Expense through June of \$3.4 million is \$449,000 less than budgeted and \$771,000 less than year-ago levels. Interest expense is less than prior year and budget due to higher amounts of interest capitalized. Principal payments made on bonds during 2017 also reduced interest expense as compared to prior year levels.

Net Income before Distributions and Contributions for June is \$5.1 million, which is \$2 million more than budgeted. In comparison between years, net income is \$977,000 more than June 2017. June year-to-date net income of \$21.5 million is \$2.5 million higher than budget and \$1.5 million more than the six months ended June 2017.

Contributions through June of \$4.9 million are \$1.1 million higher than budgeted and \$625,000 more than prior year.

Cash and Short-term Liquid Investments totaled \$85.3 million at the end of June 2018, well in excess of 250 days of estimated Operations and Maintenance expense of \$58.3 million.

Communications and Marketing Report Given

Ms. Smith summarized the Communications and Marketing report for June.

Louisville Water recently announced an expanded education partnership with the Louisville Zoo. Mayor Greg Fischer joined Louisville Water and the Zoo to announce the addition of new bottle filling stations at the Zoo that feature educational messages on hydration and the importance of water to habitats, animals and people.

The Louisville Water Foundation provided a grant for the Zoo to purchase eight filling stations to replace traditional drinking water fountains. Then, Louisville Water and the Zoo created a marketing and education partnership that includes monthly programming from Louisville Water educators, a social media campaign, content in the Zoo's *Trunkline* magazine and joint programming at the WaterWorks Museum.

Currently, there are 50 locations in Louisville that feature a drinking water fountain with a Louisville Water message. The branding is a key part of our strategy to highlight the value of water. In the coming weeks, we are installing branding at the downtown convention center and the Louisville airport.

This year, the communication team has developed an outreach approach that takes a more strategic look at where we deliver programming and how the message is duplicated. For example, in neighborhoods where we have ongoing engineering work, we are adding education and outreach. In addition to a presence at the actual event, the primary goal is to extend the initial outreach: school children to their parents via take home information, metro council to their constituency by serving pure tap at a community event or a senior church group following-up with a visit to Louisville Water Tower Park.

The groups we visit vary in size from 10 to a tour for the Google fiber optics team to more than 2,500 at the library's "How to Festival." We are seeing follow-up requests from neighborhood leaders, visits to Louisville Water Tower Park and an overall increase in requests for Louisville pure tap products.

Through June, Louisville Water's education efforts have reached more than 26,000 children and adults through school-based programming, field trips and special interest tours at the WaterWorks Museum and strategic outreach. In the second quarter, approximately 25% of the outreach was the result of the strategic initiative.

Customer Service and Distribution Operations Report Given

Mr. Vogel summarized the Customer Service and Distribution Operations report for June.

The Call Center operations received 29,926 calls in June with an abandonment rate of 5.6%. Year-to-date the abandonment rate is running at 9.3%, which is significantly lower than last year (16.1%) and also lower than the five-year average (20.0%). The average speed of answer came in at 2:39 m:s for the month, which is a significant improvement from last year (16:23 m:s) and much better than the five-year average. The initial results of the HomeServe transfer program were released in June. During the months of April and May, 390 calls were transferred to HomeServe resulting in 245 sales.

Estimated bills for the month came in strong at 0.95%, while billing accuracy finished at 99.96%. Year-to-date meter reading estimations are also running lower than past periods. The field services team maintained relatively low aging on both disconnect and plug/lock service orders. These finished the month with an average of 14.1 and 9.5 days respectively. The meter reading team had a very productive month and finished ahead of its planned schedule.

There were 35 main breaks for the month of June, which is in line with past periods. Year-to-date main break activity (415) has been significantly higher than 2017 (219) and the five-year average (346). Capital work has been busy for the month including new service installations, fire hydrant replacements, and lead service renewals. Additional retirements occurred at the end of June and three or more are expected at the end of July. As long-time employees continue to retire, training employees remains a priority for our team. We also continue to interview for general laborer positions in order to help offset these retirements.

Engineering and Production Operation Report Given

Mr. Kraus summarized the Engineering and Production Operations report for June.

Capital expenditures through June totaled \$44,838,105, which is \$12,830,470 or 40.09% higher than the same period last year. These expenditures equate to 40.41% of the 2018 total capital program of \$110,955,773.

The amount of water produced and delivered to the system in June 2018 was 130.2 MGD, which was 0.4% lower than June 2017 and 0.8% lower than the June five-year average. For year-to-date, the amount of water delivered to the system was 7.9% higher than 2017, and 4.3% higher than the five-year average.

There were 14 chemical spills reported by ORSANCO during the month of June; 11 occurred upstream of Louisville Water's Zorn intake. There was no impact to Louisville Water from any of these reported incidents. Herbicide run-off in the river impacted treatment for 15 days. All treatment goals were achieved.

Water Quality staff monitored 1,209 water quality parameters of a required 1,003 per federal and state regulatory requirements. There were zero violations.

Staff collected 283 compliance distribution samples. There was one total coliform and zero *E-Coli* result. All internal water quality goals were met. Staff also collected 74 main break samples on 37 repairs in the month, of which six localized boil water advisories were issued due to field conditions and zero were issued due to water quality monitoring results. There was a total of 5 water quality customer complaints, in comparison to the five-year average of 13 complaints.

As of July 2, 2018, there are 4,163 documented lead service lines that remain in our service area. A total of 2,090 of these documented lead services are in some phase of bidding/awarding, construction or in the process of being posted to our records for removal. Of the remaining 2,073 documented lead services, there are 1,263 services that are lost and no longer have a meter associated with them, leaving a total of 810 known lead services to be removed.

Human Resources Report Given

Mr. Terrence Spence provided a summary of recent and current activity between the Louisville Water's Labor Management and Local Union 1683 of the American Federation of State, County and Municipal Employees, AFL-CIO (the Union).

Currently, there are seven active grievances filed by the Union. Five are at the Step #4 level of discussion for resolution, one at Step #3, and one in the mediation process for resolution.

Union and non-union Louisville Water employees attended the Annual Conference & Exposition (ACE) "Innovating the Future of Water" sessions, June 12-14.

The Decisions Partnership Team met June 20 to discuss various Union/Company initiatives that included Employee Safety, AMI, Staffing, and Training.

The Labor Management Interview Team conducted external candidate interviews for General Laborer positions the week of June 25.

The Company posted two regular full-time classified union positions for internal union personnel bidding process.

Company/Union leadership participated in a third party facilitated on-site Executive Leadership team building and engagement session, June 22.

On June 27, Union and Company leadership facilitated a sub-committee meeting to establish Employer of Choice strategies, tactics and measurements as part of Louisville Water's five-year strategic plan.

Union President, Adam Carter coordinated the annual Combined Giving Campaign Golf Scramble held June 29, at Iroquois Golf Course.

Union and Company management met July 5 to review future implementation of Plumber Leader Testing requirements and procedures.

Union and non-union Louisville Water employees attended the Kentucky-Tennessee Water Professionals Conference in Nashville, TN, July 8-11.

Information Technology Report Given

Dr. Tom Luckett summarized the Information Technology (IT) Report for June.

IT staff is working with Oracle Work & Asset Management (WAM) implementer Ernst & Young during the Mobile Systems, Integrations, and End to End Testing Cycles that are taking place in July and August. This comprehensive testing includes the WAM, Financials, Integrations, Enterprise Scheduling,

and KloudGin Mobile systems. Planning is also underway to prepare the production environment for the Phase 1 Go-Live in September.

Staff continues to evaluate the responses to the Request for Proposal (RFP) for support of the Louisville Water Oracle software suite. Cost proposals are being evaluated with awards scheduled by end of July.

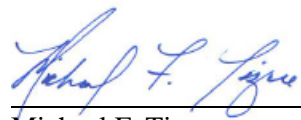
IT and Human Resources (HR) were able to fill the Oracle Applications Administrator position on July 9, 2018.

A two-factor authentication product has been purchased and will be tested by the infrastructure group. Staff will be developing a deployment and training strategy.

High availability design, points of failure, and security awareness training will be deployed by mid-August.

There being no further business for the Board, Mr. Willman moved to adjourn at 1:47 p.m., seconded by Dr. Dronawat and the motion unanimously carried.

Respectfully submitted,



Michael F. Tigue
Vice President, Compliance, General Counsel
and Corporate Secretary