

**Board Of Water Works
REGULAR CALLED MEETING MINUTES
October 23, 2018**

Board Members Present:

Mr. Creighton Mershon, Chair
Mr. Paul Esselman
Dr. Sharon Kerrick
Mr. Craig Willman

Not Present:

Mayor Greg Fischer
Dr. Sundeep “Sunny” Dronawat
Ms. Tierra Kavanaugh Wayne

Others Present:

Mr. Spencer Bruce, President and Chief Executive Officer
Mr. Daniel Frockt, CFO, Louisville / Jefferson County Metro Government
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
Ms. Sue Purdy, Director, Finance and Accounting
Ms. Kim Reed, Director, One Water Liaison
Ms. Jenni Schelling, Director, Internal Audit
Mr. Andrew Winslow, Supervisor, Budget, Rates and Analysis
Mr. Mathew Griffith, Strategic Planning & Performance Specialist
Ms. Ramiza Carpenter, Senior Accountant
Ms. Meghan Starnes, Budget Specialist, II
Ms. Beverly Soice, Paralegal

Visitors: Mr. Rob Gipperich, AON

The regular called meeting of the Board of Water Works (BOWW) was held on Tuesday, October 23, 2018 at the Louisville Water Company (Louisville Water) located at 550 South Third Street, Louisville, Kentucky. Chair Creighton Mershon called the meeting to order at 11:05 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

Mr. Craig Willman moved to approve the Regular Called Meeting Minutes of September 18, 2018 and the Special Called meeting held on October 1, 2018, seconded by Dr. Sharon Kerrick and the motion unanimously carried.

Report Provided by the President/Chief Executive Office

Mr. Spencer Bruce advised that as part of GLIDE Denver, he attended the 30th economic development study mission hosted by GLI. The group consisted of 134 other attendees, including Mayor Fischer, Metro Council members and leaders from a range of companies and organizations in Jefferson and Oldham counties, as well as,

Southern Indiana. The trip involved three days of discussions with Denver's business, civic and community leaders.

Mr. Bruce noted that one key takeaway was the importance of regional collaboration. Denver is booming now because city leaders worked with small towns throughout its region on important economic development initiatives. Another takeaway was the need for Louisville to take another look at local revenue options. Denver's airport is connected to its downtown by commuter rail, which is part of the city's light rail system. This addition was made possible after implementing a local-option sales tax, subject to voter approval, to fund the construction and maintenance.

The trip was also a great networking opportunity giving him a chance to talk to and enhance relationships with a range of Louisville's own business, civic and community leaders, and for them to learn more about Louisville Water. At the beginning of the trip, everyone in the group received a reusable pure tap bottle, which they filled at the recently branded water bottle fill stations at Louisville International Airport. Many of the attendees used the bottles throughout the trip.

Mr. Bruce advised that the Executive Leadership Team (ELT) presented Louisville Water's seven-year Strategic Plan during the communication roll-out to all Company facilities (Corporate Office, Allmond Ave., Crescent Hill, and B.E. Payne) on October 16, 2018.

Change Order Approved for Project No. 11310: B.E. Payne Water Treatment Plant Lagoon Residuals Removal and Establish New Budget of Record

Mr. Tim Kraus reported that as part of the water treatment process, Louisville Water operates a system of four lagoons sited adjacent to the Ohio River at the B.E. Payne Water Treatment Plant. The purpose of the lagoons is to collect and decant residuals sediment and process water, such as filter backwash water, generated by both the Crescent Hill and B.E. Payne water treatment facilities. The lagoons were designed and constructed in phases in the 1970's with a life expectancy of 30-40 years.

In August 2014, Louisville Water opened bids on a project to remove residuals from Lagoon No. 3. The project was awarded to Liter's, Inc. in September 2014, in the amount of \$3,475,000 for the removal of approximately 220,000 cubic yards (CY) of residuals from lagoon No. 3. The project included excavation, transportation and disposal of residuals. Final compensation to the contractor, for residuals removed, would be based on actual quantities removed as determined by final field survey.

In December 2015, Change Order No. 1 in the amount of \$160,700 was executed with Liter's for disposal of residuals that had accumulated in two wastewater basins at the Crescent Hill Water Treatment plant, with that work being completed in February 2015. In June of 2016, the Board approved Change Order No. 3 in the amount of \$2,937,150 for removal of 203,000 CY of residuals from Lagoon No. 1, which resulted in a revised total project budget of \$7,272,800. In September of 2018, the Board approved Change Order No. 6 for removal of additional residuals in Lagoon No. 1, resulting in a budget increase of \$465,000 which resulted in a total project budget of \$7,737,800.

Staff is requesting approval of a change order for removal of an estimated 325,000 CY of residuals from Lagoon No. 2 and 500,000 CY of residuals from Lagoon No. 4, which would result in all lagoons at the B.E. Payne facility being cleaned of residuals. Liter's has agreed to extend their unit price given in the original bid of \$12.50 per CY for removal of these residuals. Construction would occur over a six (6) year period, starting 2019. The proposed budget increase includes Change Order No. 7 in the amount of \$11,385,250 with Liter's Inc. for removal of residuals in Lagoon Nos. 2 and 4, decanting tower repairs, and haul road construction, maintenance, and restoration upon completion. Additional increased budget items include \$585,000 for project interest, \$54,750 for surveying and \$15,000 for project management, which yields a total budget increase of \$12,200,000.

Mr. Paul Esselman moved to approve a change order in the amount of \$11,385,250 with Liter's Inc. for removal of residuals in Lagoon Nos. 2 and 4 and that a new budget of record of \$19,937,800 be established for the B.E. Payne Water Treatment Plant Lagoon Residuals Removal Project. Mr. Willman seconded, and the motion unanimously carried.

Change Order Approved for Project 13523 – 690 – Preston Highway, Collings Hill Road to Rolling Fork

Mr. Kraus advised that as part of the plan to make improvements to provide wholesale water to Hardin County Water District No. 2 (HCWD2), a 20" ductile iron main was installed in 2016 along Preston Highway in Lebanon Junction, Kentucky. During the design phase, it was identified that a portion of this water main would cross a Marathon oil pipeline that has an impressed current cathodic protection system that could result in accelerated corrosion on the water main. Louisville Water met with Marathon staff and worked out a solution where a 1,200-foot segment of Louisville Water's main would be isolated and bonded to Marathon's cathodic protection system to protect it from corrosion.

The construction contract documents advised the contractor that Marathon required the successful bidder to use a Marathon approved subcontractor to make the required connection. The water main construction project was completed in the fall of 2016 and remained out-of-service until February 6, 2017, when flushing began in anticipation of water sales to HCWD2. During initial flushing operations, a leak was observed on the water main and the contractor was contacted to make the warranty repair. Once the main was exposed, it was noted that the leak was from a corrosion hole which is very unusual for a new main. Further investigations identified that the specified connecting bond to Marathon's cathodic protection system between the Marathon pipeline and Louisville Water's isolated segment was never made by the subcontractor, Advanced Corrosion Control Technologies, Inc., (Advanced Corrosion) as specified in the contract documents. The critical connection between Louisville Water's isolated section of main and Marathon's pipeline was eventually made on February 14, 2017, which essentially stopped the corrosion that was damaging Louisville Water's main.

On March 2, 2017, Louisville Water notified Advanced Corrosion to inform their insurance carrier of a pending claim from Louisville Water. Louisville Water contracted with CP Solutions, Inc., to provide testing and consultation on the water main's cathodic protection system. During the week of April 10, 2017, 92 feet of the suspect main was replaced, with Louisville Water supplying the materials and Basham Construction & Rental Co, Inc., (Basham) supplying the installation labor and equipment. Inspection of the seven joints of pipe and fittings that were removed showed various levels of corrosion. The main was subsequently placed in-service in the spring of 2017 to meet contractual requirements of HCWD2.

Based on the levels of corrosion observed on the 92 feet of pipe removed, additional field surveys were conducted by CP Solutions which indicated that an additional 447 feet of the main was directly susceptible to corrosion from Marathon's corrosion control system when the pipelines were not bonded as designed. Staff decided to replace the remaining suspect pipe in the fall of 2018 after the peak summer demand period. On February 5, 2018 Louisville Water and the contractor, Basham, filed suit to recover damages to the water main. Louisville Water has received a change order request from Basham in the amount of \$253,116 to replace the 447 feet water main.

Mr. Willman moved to approve Change Order No. 4 to Basham Construction & Rental Co, Inc., in the amount of \$253,116 for the replacement of 447 feet of 20-inch ductile iron pipe and fittings and that a new budget of record of \$6,116,637 be established for Project No. 13523 – 690 Plan- Preston Highway, Collings Hill Road to Rolling Fork. Dr. Kerrick seconded, and the motion unanimously carried.

Compensation and Benefits Committee

Dr. Kerrick provided a summary of the items presented at the Compensation and Benefits Committee meeting held on October 4, 2018.

A representative from Mercer, Ms. Lisa Dietrich, attended the meeting and discussed compensation planning market trends by reviewing the 2018 projected versus actual pay increases. She then reviewed the projected changes to pay for 2019.

Dr. Kerrick advised that in terms of the compensation structure movement, Mercer recommends a 2.0% market movement be made and recommends budgeting for front-line, non-union salary increases at 3.0% overall. Mr. Bruce advised that staff recommends approving the structure and the overall budget in the recommended amount. He also advised that staff will ask for approval of the Merit Matrix for 2019 at the spring 2019 Compensation and Benefits Meeting prior to the consideration of staff increases.

Dr. Kerrick noted that Mr. Rob Gipperich with Aon was present at the committee meeting to review the responses received to Louisville Water's Request for Proposals for employee health insurance for 2019. Mr. Gipperich is also present at this Board meeting.

Mr. Gipperich stated a Request for Proposal was sent to five insurance providers. Louisville Water received bid proposals from four insurance carriers; Anthem, Aetna, United Healthcare (incumbent provider), and Humana competing for selection as Louisville Water's medical insurance benefits provider for the 2019 benefits year. The fifth company, Cigna, chose not to provide a proposal. The projected premiums received from the four companies were 35%, 25%, 19% and 8% higher than the current premiums being paid. Humana provided the lowest price with an 8% increase. Mr. Gipperich discussed the drivers behind the higher premiums which includes the claims history for this past 6 months, Louisville Water's credibility and the risk profile. He then reviewed the premiums and the annual increases paid by Louisville Water over the last few years and noted that since 2015 the premium increases average 3.3% per year which is well below the national average of approximately 5% to 6%. He noted Louisville Water has had lower increases than the national average due to effectively managing costs and risk.

Mr. Terrence Spence stated the estimated 2019 premium is based upon employee and dependent data as of December 2018 and may be subject to adjustments based on actual headcount and the medical plan selected by employees.

Mr. Spence noted that Delta Dental insurance premiums will increase 2% for 2019. The Board, however, is not required to approve this increase as it is within the President approval authority.

After a short discussion, Mr. Esselman moved to approve a 2.0% market movement and an overall 3% merit increase for front-line, non-union employees for budget purposes and to award a contract to Humana for Louisville Water's employee health insurance for the 2019 benefit plan. Mr. Willman seconded, and the motion unanimously carried.

Mr. Mershon added that the committee also reviewed the mid-year performance report for the Shared Executive Operating Goals, Management Incentive Plan Goals and Corporate Performance Goals.

2019 Preliminary Operating and Capital Budget

Ms. Lynn Pearson and Mr. Kraus provided highlights of the proposed 2019 Operating and Capital Budget with the Board. The presentation included an overview of the budget process and timetable along with a look at Louisville Water's 2019 funding priorities with key drivers and assumptions for operating revenue and

expenses. Key capital projects planned for 2019 were reviewed and a summary of the budgeted capital by category was presented.

Third Quarter 2018 Certification of Projects & Change Actions

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

Project Proposals Requiring Board Approval:

Project Number	Project Name	Requested Total Estimate	Contribution	LWC Net Cost	Current Year Estimate
15385 ¹	Oak Street Joint Rehabilitation	\$460,000	\$0	\$460,000	\$460,000
Total		\$460,000	\$0	\$460,000	\$460,000

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
11310	BEP - Renovate Sludge Lagoons No. 1 and No. 3	\$7,272,800	\$465,000	\$7,737,800	\$462,201
13109	ZPS - Standby Generator	\$9,500,000	\$6,500,000	\$16,000,000	\$0
13274	Metering - AMI for Jefferson County	\$58,500,000	\$2,500,000	\$61,000,000	\$0
14325	CHFP - Chemical Building and Lab Fire Protection and	\$4,882,740	\$5,100,000	\$9,982,740	(\$160,926)
15035	Condition 2017 - PCCP	\$7,602,660	\$1,322,950	\$8,925,610	(\$350)
15055	Property Acquisition for Spoil Disposal - Site B	\$688,000	\$3,512,000	\$4,200,000	(\$10,000)
Total		\$88,446,200	\$19,399,950	\$107,846,150	\$290,925

Project Proposals Approved by the President:

Project Number	Project Name	Requested Total Estimate	Contribution	LWC Net Cost	Current Year Estimate
15393	48" WM Break Grinstead at Bardstown - May 2018	\$185,000	\$0	\$185,000	\$185,000
Total		\$185,000	\$0	\$185,000	\$185,000

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
14332	I.T. - Oracle Forms and Reports	\$347,558	\$150,000	\$497,558	\$150,000
14553	Transmission - Minor Lane Grid-Tie	\$2,191,500	\$135,000	\$2,326,500	\$179,000
15060	680 Plan - Hwy 42, Greenmere Blvd to 13450 Hwy 42	\$2,644,000	(\$1,000,249)	\$1,643,751	\$737,216
15149	Lead 2017 - Quincy Street Area	\$150,000	\$200,000	\$350,000	\$150,000
15243	BPS - Kenwood Hill HBPS Renovation 2018	\$157,000	\$115,000	\$272,000	(\$52,000)
Total		\$5,490,058	(\$400,249)	\$5,089,809	\$1,164,216

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
14530	I.T. Business Intelligence Expansion	\$2,252,127	\$0	\$2,252,127	\$0
14545	I-64 Trans Main-Clark Sta Rd - Hwy 55 in Shelby Co	\$16,180,300	\$0	\$16,180,300	\$3,800,000
15254	680 Plan - Rivercrest Dr. Main	\$1,219,000	\$0	\$1,219,000	\$180,000
15255	Condition 2018 - PCCP	\$7,343,000	\$0	\$7,343,000	\$153,603
Total		\$26,994,427	\$0	\$26,994,427	\$4,133,603

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

Project Number	Project Name	Total Estimate	Total Cost To Date	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	\$7,094,390	Work In Progress	2006 Budget
11615	Transmission - Gene Snyder Freeway Section 1B	\$9,133,000	\$382,227	Design In Progress	2007 Budget
11616	Transmission - Gene Snyder Freeway Section 2A	\$6,641,500	\$64,331	Pending Capital	2007 Budget - Program
13109	ZPS - Standby Generator	\$9,500,000	\$511,220	Design In Progress	2011 Budget
13264	CHPS - Replace Slate Roof and Improve Masonry	\$6,137,000	\$215,725	Pending Capital	2012 Budget
13274	Metering - AMI for Jefferson County	\$58,500,000	\$58,568	Pending Capital	2013 Budget
13364	Relocation 2012 - Blue Lick Road Phase 1	\$4,198,144	\$4,196,460	Completed Not Closed	2012 Budget - Unbudgeted
13512	ZPS - Station #3 Slate Roof Replacement and Masonry Improvements	\$6,569,000	\$3,982,192	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	\$1,200,950	Work In Progress	2014 Budget - Unbudgeted
14099	Condition 2014 - PCCP Grade Lane and Preston Highway	\$2,870,000	\$2,762,713	Completed Not Closed	2014 Budget - Program
14321	Rehabilitation 2015 - Eastern Pkwy 48-inch main	\$25,761,000	\$16,387,155	Work In Progress	2015 Budget
14325	CHFP - Chemical Building and Lab Fire Protection and Office Space Improvements for Productions	\$4,882,740	\$371,295	Design In Progress	2015 Budget
14330	CHWTP - Standby Generator	\$12,987,000	\$2,999,518	Work In Progress	2015 Budget - Unbudgeted

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

Project Number	Project Name	Total Estimate	Total Cost To Date	Status	Budget Year Category
14498	ZPS,CHPS - 13.8 KV Switchgear Rehab	\$2,174,287	\$2,094,104	Completed Not Closed	2015 Budget - Unbudgeted
14515	Condition 2016 - CH Yard Piping and Valves	\$6,741,755	\$4,258,082	Work In Progress	2016 Budget - Program
14517	Condition 2016 - PCCP - Greenwood Rd, Tyler-Durrett Ln, Palatka Rd	\$5,153,732	\$5,759,338	Work In Progress	2016 Budget - Program
14524	ATT RBF for CH	\$221,905,253	\$5,646,079	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	\$2,539,084	Work In Progress	2016 Budget
14536	I.T. - Work and Asset Management System - WAM	\$23,526,488	\$10,204,165	Work In Progress	2016 Budget
14542	Transmission - Urton Lane	\$5,297,725	\$174,040	Design In Progress	2017 Budget
14543	860 PZ - Bardstown Road Elevated Storage Tank	\$6,700,000	\$3,620,535	Work In Progress	2016 Budget
14545	Transmission - I-64 Transmission Main, I-64 Clark Station Rd to Hwy 55 in Shelby Co	\$16,180,300	\$12,069,934	Work In Progress	2016 Budget
14553	Transmission - Minor Lane Grid-Tie	\$2,191,500	\$2,193,562	Work In Progress	2016 Budget - Unbudgeted
15035	Condition 2017 - PCCP	\$7,495,160	\$4,910,628	Work In Progress	2017 Budget - Program
15036	Condition 2017 - Reservoir Yard Piping and Valves	\$5,000,000	\$48,778	Design In Progress	2017 Budget - Program
15060	680 Plan - Highway 42, Greenmere Boulevard to 13450 Highway 42	\$2,644,000	\$877,776	Work In Progress	2017 Budget - Program
15180	Condition 2018 Raw Water Feed	\$10,000,000	\$3,544,223	Work In Progress	2017 Budget - Unbudgeted
15253	900 Plan - Old Henry Rd to Terra Crossing Blvd	\$2,372,000	\$56,913	Design In Progress	2018 Budget
15254	680 Plan - Rivercrest Dr main	\$2,005,750	\$1,139,339	Work In Progress	2018 Budget - Program
15255	Condition 2018 - PCCP	\$7,343,000	\$3,049,403	Work In Progress	2018 Budget - Program
15264	MRRP 2018 - Virginia Ave area	\$2,331,500	\$629,927	Work In Progress	2018 Budget - Program
15265	MRRP 2018 - Glaser Ln area	\$2,005,900	\$7,033	Design In Progress	2018 Budget - Program

- 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.

* This information is time sensitive

1 BOWW Approved July 17, 2018

Third Quarter 2018 Certification of Contracts & Bids

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

Construction

17-150	Condition 2016 - Crescent Hill Yard Piping and Valves - Assignment from Master Agreement Transmission System Repairs and/or Capital Improvements		
14515	MAC Construction & Excavating, Inc.		\$864,701
17-150	Condition 2017-PCCP Assignment to Master Agreement 17-150- Transmission System Repairs and/or Capital Improvements.		
15035	Garney Companies, Inc.		\$622,016
17-150	Condition 2017-PCCP Assignment to Master Agreement 17-150- Transmission System Repairs and/or Capital Improvements. 48-inch Oak Street Joint Rehabilitation.		
15385	Mac Construction & Excavating, Inc.	Estimate	\$210,000
17-150	Condition 2018 - PCCP - Assignment to Master Agreement - Transmission System Repairs and/or Capital Improvements. Change Order #1		
15255	Southern Pipeline Construction Co.		\$102,103
18-73	Carbon Fiber-Reinforced Polymer Repairs on Large Diameter Water Mains – Master Agreement Condition 2016 Crescent Hill Piping & Valves		
14515	Structural Preservation Systems, LLC		\$341,200
18-74	External Post-Tensioning Tendon Repairs on Large Diameter PCCP Water Mains - Master Agreement- Condition 2016 Crescent Hill Yard Piping & Valves		
14515	Structural Preservation System, LLC		\$264,900
RFP 12-106	Assignment from Master Agreement #12-106 Carbon Fiber-Reinforced Polymer Repairs on Large Diameter Water Mains		
15035	Structural Preservation Systems, LLC.		\$396,860
	SUM BY BIDS AND AWARDS CATEGORY		\$2,801,780

Payments

Contribution	Greater Louisville 2020		
	Greater Louisville Inc. (GLI)	3 years \$15,000 annually	\$45,000
	SUM BY BIDS AND AWARDS CATEGORY		\$45,000

Procurement of Materials and Services

	Assignment to Plant & Facilities Engineering Services - Master Agreement – Feasibility Assessment for Allmond Avenue Facility Expansion		
	HDR	NTE	\$25,000
	Property & Casualty Insurance		
	Affiliated FM- Property Coverage		\$164,999
	Allied World National Insurance- Excess Liability		\$99,694
	Beazley- Cyber Risk Insurance		\$31,497
	Berkley/Great American - Excess Liability		\$67,250
	Great American Insurance- Pollution Liability Coverage		\$48,350
	Midwest Employers Casualty- Workers Compensation		\$47,353
	Peleus Insurance- Professional Liability		\$21,476
	Starr Indemnity- Management Liability		\$59,874
RFP 17-13	Engineer of Record - Master Agreement RFP (50% Technical, 25% Interview, 25% Cost Proposal). Assignment from Existing Professional Services Contract. Evaluating Riverbank Filtration		
	Hazan & Sawyer	NTE	\$172,436
11-03	Lockbox Services - 2018 Contract Extension		
	Fifth Third Bank		\$157,894
12-89	LWC Property Protection Services-2018 Contract Extension		
	Frederick Asset Protection		\$100,474
13-101	Print Utility & Mail Services Change Order to add additional services and extend Contract Renewal by 5 years through March 31, 2025		
	Utilitec	Estimate	\$34,139
13-109	Spoils Dumping/ Hauling Services 4th CPI Renewal		
	Black Haq Enterprises (CMBE)	Estimate	\$152,500
	Terry Gollar Trucking (CWBE)		\$152,500
14-189	Paving Restoration 4th & Final CPI Renewal		
MSD Contract#14-0924	Reid Brothers, Inc.		\$554,185

15-113	Compostable Cups, 8 oz. and 12 oz. - 3rd PPI Renewal Baumann Paper Co.	Estimate	\$56,500
15-127	Frames & Covers and Monitor Castings. 3rd and Final PPI Renewal General Foundries, Inc. (CMBE)	Estimate	\$313,753
15-154 KY State Contract MA7581300000622	Wireless Service (Cell Phone & Data) 3rd 12- Month Renewal. Verizon Wireless	Estimate	\$242,976
15-38	Water Bottles - 16 oz. and 22 oz. - 3rd PPI Renewal Authentic Promotions.com	Estimate	\$106,680
15-81	Tapping Saddles 2nd PPI Renewal Ferguson Waterworks Mueller Co., Ltd	Estimate	\$24,099 \$69,474
15-82	Brass Fittings and Valves-2nd PPI Renewal AY McDonald	Estimate	\$100,399
15-90	Heavy Equipment Rental- 2nd CPI Renewal Construction Machinery Company Whayne the Cat Rental Store	Estimate	\$49,600 \$93,896
16-109	Meter Setters 1st PPI Renewal Mueller, Co.	Estimate	\$124,464
16-110	Pipe Repair Sleeves 1st PPI Renewal Ferguson	Estimate	\$59,097
16-113	Pipe Repair Couplings and Gaskets- 1st PPI Renewal Viking Supply Inc.	Estimate	\$52,373
16-119	Water Treatment Chemicals for Ft. Knox Mississippi Lime- Quicklime Umicore- Powdered Activated Carbon (PAC)		\$96,100 \$48,000
16-122	Cisco Maintenance Contract Renewals Volta (fka DMD Data Systems)	Estimate	\$140,687
16-126	Assignment from Master Contract for Contingency Pump Repairs- Rebuild of ZPS#3 Pump. Change Order # 2 RPM, Inc.	Estimate	\$25,568
16-126	Contingency Contract for Pump Repairs-1st CPI Renewal Layne Christensen Company Mohler Technology, Inc. RPM, Inc.	Estimate	\$28,233 \$35,305 \$30,765
16-141	Valve & Meter Box Maintenance 1st CPI Renewal Reid Brothers, Inc.	Estimate	\$301,579
16-154	Plate Trucks- 2nd PPI Renewal Kentucky Truck Sales, Inc.	Estimate	\$228,882
16-159	Water Treatment Chemicals-Liquid Carbon Dioxide Airgas USA, LLC	Estimate	\$53,460
17-0807 Joint Bid with MSD	Locating Services-Contract Renewal One Call Concepts Locating Services	Estimate	\$1,171,138
17-101	Electrical Switchgear Cleaning / Inspection / Repair & Associated Electrical Work 1st CPI Renewal CE Power	Unit Price Estimate	\$50,000
17-12	Security Services- 3 month Contract Extension Frederick Asset Protection	Estimate	\$29,297
17-122	Barricade Rental, Worksite Security, and Safety Sign Purchase-1st CPI Renewal Off Duty Police Services Inc. - Non- Sworn Uniformed Police Off Duty Police Services, Inc.-Sworn Uniformed Police Peyton's Barricade & Sign Co-Barricades & Traffic Control	Estimate	\$195,450 \$105,176 \$543,357
17-53	Emergency Response (RFP 75% Technical, 25% Cost) 1st CPI Renewal Paul Davis Restoration and Purvis Professional Cleaning (CMBE)	Estimate	\$100,000
17-61	Assignment to Contingency Contract for Motor Repairs. Zorn Pump Station #3 Motor Repair Horner Industrial Group		\$59,500
18-31	Distribution System Repairs & Capital Improvement Assignment from the Master Agreement- Settlers point 15400 Basham Construction & Rental Co.	Estimate	\$54,880
18-48	Assignment of work Bid# 18-48 Electro-Mechanical Contract Work for Water Treatment or Distribution Facilities Ward Engineering	Estimate	\$741,200

18-48	Assignment to Master Agreement 18-48 Electro-Mechanical Work for Water Treatment or Distribution Facilities. Eyewash Stations at BE Payne Softening Basins		
14499	Diecks Engineering-Electrical Installation		\$48,980
14499	Ward Engineering- Mechanical Installation		\$61,300
18-48	Assignment to Master Agreement 18-48 Electro-Mechanical Work for Water Treatment or Distribution Facilities. I-64 Pump#3 New Rotating Assembly and Installation		
	Gatterdam Industrial Services	Estimate	\$22,726
18-70	Casing Spacers		
	Ferguson Waterworks		\$25,610
18-75	Swing Check Valves		
	Hayes Pipe Supply	Estimate	\$25,720
18-76	Water Treatment Chemicals		
	Airgas Speciality- Aqua Ammonia	Estimate	\$107,280
	BHS Specialty Chemicals- Fluorosilicic Acid		\$181,962
	Calgon Carbon Corp- Powdered Activated Carbon PAC (taste & order)		\$83,600
	Carus- Liquid Sodium Permanganate		\$53,200
	Chemical Resources- Liquid Sodium Chlorite		\$126,300
	Gunther Salt Company- Sodium Chloride		\$507,812
	Kemira Water Solutions- Liquid Ferric Chloride		\$1,169,050
	Kemira Water Solutions- Liquid Ferric Sulfate		\$1,173,000
	Mississippi Lime- Quicklime		\$1,188,626
	Polydyne- Poly (diallyldimethylammonium chloride)		\$162,540
18-77	(5) Replacements and (1) New - Konica Minolta Bizhub Multifunction Machines (Copier/Printer/Scanner)		
KY7581500000977	Lang Company		\$46,670
18-80	48-inch Bell Joint Clamps		
	C.I. Thornburg	Estimate	\$105,710
18-85	Purchase from Joint Bid with TARC - Ultra Low Sulfur #2 Diesel Fuel		
	Petroleum Traders Corp	Estimate	\$494,020
18-89	Copper Tubing Spot Purchase & Staggered Delivery		
	Hayes Pipe Supply		\$266,842
18-95	Inspection, Maintenance, & Repair of HVAC Systems		
	ACCO Inc.	Estimate	\$39,560
GS-35F-0119Y	Acquia Web Hosting Services		
GSA Contract	Carahsoft		\$67,402
GSA Contract	Renewal of Quest Toad Software Subscription		
GSA-35F-267DA	DLT Solutions		\$32,148
GSA Contract	VMware Maintenance Renewal- Master Agreement -GS-35F-0119Y		
GS-35F-0119Y	PROSYS Information Systems		\$58,254
GSA47QTCA18D0	WAM Implementation Phase 1 go Live KloudGin License Procurement		
OCC	KloudGin		\$118,826
KY State (COT)	Microsoft License Renewal		
MA7581800000597	Software House International (SHI)		\$195,045
KY State Contract	Advertising, Marketing, Creative/Graphic Design & Public Relations Services		
	Master Agreement- Contract renewal		
758160000633	Bandy Carroll Hellige (BCH)		\$75,000
KY State Contract	Cisco Firepower Quote (Redundancy)		
MA7581400000876	Prosys		\$51,889
KY State Contract	Cisco UCS Server Upgrade		
MA7581400000876	PROSYS Information Systems		\$137,551
KY State Contract	Data Domain and Isilon Hardware Replacement		
MA7581600000490	Prosys	Estimate	\$499,147
KY State Contract	Disaster Recovery Assessment and Development		
MA7581700000939	Volta Services		\$55,250
KY State Contract	DUO Multifactor Authentication		
MA7581800000597	SHI		\$37,492
KY State Contract	Firepower AMP License Renewal		
MA75814000876-6	Volta		\$21,475
KY State Contract	One (1) 2019 Ford F350 XL Reg.Cab (4WD Diesel V8) Truck with Snow Plow		
MA7581800000180	Paul Miller Ford		\$54,139
Project# 15075			
KY State Contract	One (1) 2019 Ford F350 XL Regular Cab 4X4 (4WD Diesel V8)		
MA7581800000180	Paul Miller Ford		\$63,817
15275			

KY State Contract	One (1) 2019 Ford F450 XL (4WD Diesel V8) MDOL Flatbed	
MA7581800000180	Paul Miller Ford	\$64,179
Project# 15275		
KY State Contract	Two (2) 2019 Ford F350 XL (4WD Diesel V8) Meter Exchange Configuration Trucks	
MA7581800000180	Paul Miller Ford	\$118,757
Project# 15275		
KY State Contract	Two (2) 2019 Ford F350 XL Extended Cab 4X4 (4WD Diesel V8)	
MA7581800000180	Paul Miller Ford	\$134,024
15075		
KY	27 Computer Systems Purchase Windows 10 Upgrade	
MA75806000001126		
6 Contract 9914660	Dell	\$36,188
Metro Gov.	Metro Pavement Restoration	
#IFB170054	Flynn Brothers Contracting	\$1,200,000
	SUM BY BIDS AND AWARDS CATEGORY	\$16,132,600

Procurement of Professional Services

	Louisville Water Tower Park Business/ Marketing Analysis	
	Peggy Noe Stevens and Associates (PNSA)	\$33,500
09-102	Engineering Services for Distribution System Design - Master Agreement- KYTC I-65 and Ohm Drive Connector Water Main Relocation.	
	QK4	Estimate \$54,612
LWC 342-18-0060		
09-102	Rehabilitation of Eastern Parkway 48 inch Final Design Support during Construction Assignment to Master Agreement - Engineering Services for Distribution System Design- Change Order # 1	
	HDR Engineering, Inc.	\$246,900
14321		
11-01	Banking Services & Investment Custodial Services - CONTRACT EXTENSION	
	BB&T	Estimate \$59,000
14-21	Plant & Facilities Engineering Services - Master Agreement - RFP (Technical-45%, Interview-30%, Cost-25%) Assignment for Zorn Standby Generators Final Design & Bidding services	
	CDM Smith	NTE \$376,516
13109		
15-47	Surveying, Platting and Mapping - RFP (70% Technical, 30% Cost) 3rd CPI Renewal	
	BTM Engineering Inc.	Estimate \$20,000
	Jacobi, Toombs & Lanz (CMBE)	\$20,000
	Sabak, Wilson & Lingo	\$20,000
16-148	Public Affairs & Business Development Professional Services - Contract Renewal	
	Vince Guenther	Estimate \$109,885
17-13	Engineer of Record - Master Agreement RFP (50% Technical, 25% Interview, 25% Cost Proposal) RFP 1st Renewal	
	Hazen & Sawyer	Estimate \$200,000
17-77	Assignment from Potable Water Tank Cleaning & Inspection Services – Master Agreement - Parkridge Tank Coatings Renovations	
	Dixon Engineering	\$79,261
15325		
RFP 14-21	Clearwell Cleaning / Inspection - Assignment to Plant & Facilities Engineering Services - Master Agreement RFP 14-21. Clearwell 84- inch Valve Rehabilitation.	
	HDR Inc.	NTE \$76,048
15034		
RFP 17-13	BE Payne Lime Unloading System Renovation	
	Hazen & Sawyer	\$77,320
15022		
	SUM BY BIDS AND AWARDS CATEGORY	\$1,373,042

Procurement of Sole Source Materials and Services

	LOJIC Capital & Operations Cost	
	Jefferson County Metropolitan Sewer District (MSD)	\$383,943
	Vantage Point EMI software	
	Rockwell Automation/c.o CED, Inc./E&H Electric	\$31,026
15-171	Advertising at the KFC YUM! Center -4th Contract Period	
	Louisville Arena Sports & Entertainment Properties (LASEP)	\$32,000
18-86	Meter Plug Locks	
	McGard LLC	Estimate \$56,422
Sole Source	Railroad Crossing authorization for Eastern Parkway 48" Rehab Project - Phase 2B	
14321	Norfolk Southern Railroad	\$38,000
Sole Source	SCADA Software- Annual Maintenance Contract	
	G.E. Intelligent Platforms Inc. / c.o. Industrial Network Systems	\$23,753

SUM BY BIDS AND AWARDS CATEGORY
GRAND TOTAL

\$565,144
\$20,917,566

In the interest of time, Mr. Mershon asked that the Officers provide very brief verbal reports.

Financial Report Given

Ms. Pearson advised that September was a very strong month financially. Water sales came in well ahead of budget, driving a favorable variance in operating revenue of \$604,000. Total operating expenses were essentially flat to budget for the month, as a favorable variance in operating and maintenance expenses was offset by an unfavorable variance in other operating expenses. Non-operating income and expense were both well ahead of budget for the month and combined with water sales to drive net income that was \$709,000 higher than budgeted.

Communications and Marketing Report Given

Ms. Dearing Smith reported that over the past month, the Louisville pure tap® program was part of more than 20 community events which included WFPK Waterfront Wednesday program, the Salvation Army's Community Homeless program, Bernheim's BugFest, NuLu Festival, Bullitt County Family Night, Field Elementary Walk-a-thon and Louisville Metro's health fair.

Staff worked to execute several community marketing efforts in September including working with Heine Brothers on "National Coffee Day" on September 29; September was National Bourbon Month and we highlighted our connection to the state's signature spirit with the Kentucky Distiller's Association; and, October 10 was "Imagine a Day Without Water," a national day to highlight the value of water. Staff also executed a social media campaign with MSD where we highlighted water's link to jobs, public health, recreation, etc.

Now in its 11th year, the Adventures in Water Festival at Louisville Water Tower Park took place on October 16, 17 and 18, welcoming students from 24 schools for a hands-on experience with water.

The second annual Trick or Treatment will be held tomorrow night at the Crescent Hill Reservoir and Gatehouse. We anticipate approximately 2,000 visitors.

Customer Service and Distribution Operations Report Given

Mr. Dave Vogel summarized the Customer Service and Distribution Operations report.

The Call Center operations received 30,391 calls in September with an abandonment rate of 7.6%. The average speed of answer (ASA) came in at 3:06 m:s which is significantly lower than last year and the five-year average. Staffing levels continue to be a challenge and, while we have added several new CSRs to the team, we have also lost a few due to performance and/or attendance issues. Year-to-date our abandonment rate is running at 10.6% which is significantly better than last year (16.5%) and the five-year average (19.3%). The front lobby processed over 9,900 payments (7,510 cash and 2,391 check) for the month.

Main break activity was lower than normal for the month. We finished with 21 main breaks for September which is approximately 30% lower than last year (30) and the five-year average (31). New service installations continued to be busy for the month with four crews, plus a contractor, installing new services. Crews repaired eight leaks on the 48" Oak St. transmission line as a result of the condition assessment work. An additional two union retirements occurred during September and we are operating with approximately 10 classified job vacancies. The Winter Emergency Plan is being updated as we do each year to prepare for cold weather operating conditions.

The Total CSI dipped 12 index points from the 2nd quarter to finish at a score of 814. All components were down from the previous quarter with the exception of the Information component. The Serviced CSI continued its strong performance in 2018 and finished higher than the second quarter by 12 index points. The Serviced CSI index remains extremely high when compared to historical periods. Staff is evaluating the existing CSI tool and may shift to using the J.D. Power survey results in 2019.

Metering Services reached their backlog challenge goal in September. This goal was to reduce the backlog of non-pay orders to less than 500 while also reducing the lock/plug backlog to less than 100. Vacancies and wet weather hindered our meter reading efforts and estimated reads finished at 2.24% for the month which is higher than past periods. Billing accuracy for the month came in at 99.95% which is slightly lower than last year (99.96%) and higher than the five-year average (99.83%).

Bad debt for September was \$235K which is slightly higher than last year (\$222K) and moderately higher than the five-year average (\$175K). Leaks from the winter months, as well as our success in discontinuing the more egregious water theft situations, are driving write offs. Analysis of the September accounts revealed that 14 of the top 15 accounts written off were a result of leak situations during the December to February timeframe.

Engineering and Production Operation Report Given

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

2018 capital program expenditures through September totaled \$73,308,638, which is \$22,066,791 or 43.06% higher than the same period last year. These expenditures equate to 66.07% of the 2018 total capital program of \$110,955,773.

The amount of water produced and delivered to the system in September 2018 was 129.1 MGD, which was 1.5% higher than September 2017 and 2.8% lower than the September five-year average. For year-to-date, the amount of water delivered to the system was 5.1% higher than 2017, and 2.8% higher than the five-year average.

There were 16 chemical spills reported by ORSANCO during the month of September; 11 occurred upstream of Louisville Water's Zorn intake. There was one incident that prompted treatment as a precaution, but there was no impact to water quality from that incident. All treatment goals were achieved.

Water Quality (WQ) staff monitored 1,227 water quality parameters of a required 1,021 per federal and state regulatory requirements. There were zero violations.

As of October 1, 2018, there are 3,240 documented lead service lines that remain in our service area. A total of 1,860 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 1,380 documented lead services, there are 809 services that are lost and no longer have a meter associated with them, leaving a total of 571 known lead services to be removed

Human Resources Report Given

Mr. Spence reported that Louisville Water management and Union personnel conducted an off-site Labor/Management conference in Paducah, KY, September 12, 2018. The team performed a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis of the current partnership between both entities and began establishing a committee comprised of union and non-union employees to begin the work of creating the Union's strategic plan. Mr. Spence added that Louisville Water may create its own labor – management retreat next year.

Mr. Spence also noted the following activities: Union employees participated in a Focus Group session facilitated by the Company's Labor Relations Manager on October 2, 2018; Company and Union leadership presented Louisville Water's seven-year Strategic Plan during the communication roll-out to all Company facilities (Corporate Office, Allmond Ave., Crescent Hill, and B.E. Payne) on October 16, 2018; a committee of Union and Non-Union personnel was formed to begin work on the Union's Strategic Plan to be completed by mid-November; and, the Company is recruiting General Laborers to continue to establish a feeder group of candidates to prepare for potential retirements based on union employee eligibility.

Information Technology Report Given

Mr. Tom Luckett provide a brief summary of the Information Technology (IT) Report.

IT staff are working to support Phase I of the Oracle Work and Asset Management (WAM) system that went live on October 15. We are also planning the Phase II work.

Louisville Water is currently testing a multi-factor authentication technology to improve the security of its computer systems. Multi-factor security adds an additional element of security above using just a username and password. We are still planning this implementation over the next 30 – 60 days.

Final decisions have been made for Oracle support vendors. Negotiations with individual vendors are proceeding with the initial emphasis on the Work and Asset Management (WAM) module.

There being no further business for the Board, Mr. Willman moved to adjourn at 1:37 p.m., seconded by Mr. Esselman, and the motion unanimously carried.

Respectfully submitted,



Beverly J. Soice
Paralegal