

Board Of Water Works
REGULAR CALLED MEETING MINUTES
April 18, 2017

Board Members Present:

Mr. Creighton Mershon, Chair
Mr. Glenn Sullivan, Vice Chair
Dr. Sundeep “Sunny” Dronawat
Dr. Sharon Kerrick
Mr. Craig Willman
Ms. Marita Willis

Not Present:

Mayor Greg Fischer

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 Lockett, 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, Director, Meter and Billing Services
Ms. Jenni Schelling, Director, Internal Audit
Mr. Ralph McCord, Program Manager, Strategic Projects
Ms. Beverly Soice, Paralegal

Visitors: Mr. Todd Webster, CH2M

Mr. Jaason Englesmith, CH2M

The regular called meeting of the Board of Water Works (BOWW) was held on Tuesday, April 18, 2017 at the Louisville Water Company (Louisville Water) located at 550 South Third Street, Louisville, Kentucky. Chair Creighton Mershon called the meeting to order at 11:32 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

Dr. Sunny Dronawat moved to approve the Regular Called Meeting Minutes of March 21, 2017, seconded by Mr. Glenn Sullivan and the motion was unanimously carried.

Report Provided by the President/Chief Executive Officer

Mr. Spencer Bruce advised that in late March Louisville Water participated in a Kentucky United economic development opportunity in Dallas, Texas. Initiated by the Kentucky Cabinet for Economic Development, Kentucky United organizes business events in key markets. The event featured Bill Samuels, retired president of Maker’s Mark speaking to prospective businesses about Kentucky's economic opportunities.

The evening included a bourbon flight of Maker's Mark products and Louisville's tap water. Ms. Kelley Dearing-Smith spoke with the group about Louisville Water's "liquid assets" and its connection to Kentucky's signature product. The Dallas area is a target for Kentucky and with water issues and high-rates, Louisville's abundant water supply and low rates are important assets. Along with the event, Louisville Water initiated a series of marketing and communication efforts on digital media to a narrow audience in the Dallas area, reaching over 12,000 business people.

In the first quarter of 2017, Louisville Water fielded a dozen requests around new business and expansion of existing business. One of the largest projects includes working with Jim Beam on expanding its Boston and Clermont facilities.

In early summer, Hardin County Water District No. 2 (HCWD2) will begin to receive water from Louisville Water as a wholesale customer. At 150 million gallons annually, this represents one of our largest wholesale partners to date. In March, Communications & Marketing and Regionalization staff began working with the HCWD2 to identify potential economic development opportunities.

2017 Payment Assistance Funding Approved to the Louisville Water Foundation

Mr. Dave Vogel advised that in 2010 Louisville Water initiated a Payment Assistance Program. The intent of this program is to provide assistance to low income customers in helping them pay their water and sewer bills. Funding for the program has been based on 10% of the HomeServe revenues provided to Louisville Water from the previous year. MSD, HomeServe and employees have also contributed to the overall funding of the program. Since the inception of this program almost 4,000 families have received assistance.

In order to fund this effort for 2017, the Board must first approve a donation to the Louisville Water Foundation. Once this donation is made, the Louisville Water Foundation will then be solicited for the annual Payment Assistance Program grant. Based on the methodology used in the past, 10% of the HomeServe Funds would amount to \$237,158. This is significantly higher than the first few years due to the improved terms in the HomeServe contract and the additional services provided to our customers. It is anticipated that the amount solicited from the Louisville Water Foundation for the Payment Assistance Program will be similar to the historical funding levels which will enable the Louisville Water Foundation to consider donations to other water-related charitable activities going forward.

Dr. Dronawat moved to approve a donation in the amount of \$237,158 to the Louisville Water Foundation to fund the 2017 Payment Assistance Program and other water-related charitable activities. Ms. Marita Willis seconded and the motion unanimously carried.

Final Design and Solicitation of Bid Approved for the Automated Meter Infrastructure Project

Mr. Vogel advised that in September 2016, staff reviewed with the BOWW plans for an Advanced Metering Infrastructure project in Jefferson County and requested approval to develop and issue a Request for Proposal (RFP) for the effort. The strategic benefits and financials associated with the project were reviewed and the BOWW requested a few follow-up items to be brought back at a future meeting.

Mr. Vogel reviewed the key strategic and operational benefits of implementing AMI at Louisville Water, which include the movement of all customers to monthly billing; enhanced revenue through the replacement of aging meters, as well as providing a one-time revenue pick-up as we transition to monthly billing; substantial improvements in customer service levels through more accurate reads and access to real-time (hourly) usage information; significant operational savings achieved through the reduction of meter reading

and field services costs; potential new revenue opportunities; and, enhanced safety for our employees and customers.

Mr. Vogel introduced Mr. Jaason Englesmith with CH2M who has assisted with a number of similar projects for other water companies/districts. Mr. Englesmith answered all questions raised by the directors. He advised the project investment will be approximately \$60 million, which includes \$21 million for meter replacement costs, \$30 million for AMI equipment and installation, and \$2 million for the fixed collector network. The business case yielded a positive return on investment and an 11.5 year payback. Mr. Englesmith advised that most of Louisville Water's peer water utilities have moved to some form of advanced metering, and this technology will have a dramatic impact on our billing and customer service operations.

Dr. Sharon Kerrick moved to approve final design and solicitation to bid for the Advanced Metering Infrastructure project, seconded by Mr. Sullivan and the motion unanimously carried.

Mr. Vogel advised that once bids are received, staff will return with a recommendation for full project approval in the 4th quarter of 2017.

Unbudgeted Project 264-17-0001 - B.E. Payne Water Treatment Plant Pump Modifications Approved

Mr. Tim Kraus advised that Louisville Water began operation of its BE Payne Water Treatment Plant River Bank Filtration (RBF) system in 2010. The system, which supplies water to the treatment plant, consists of a system of collector wells that feed a deep tunnel. The tunnel terminates at the BE Payne Tunnel Pump Station.

During the design of the RBF system, well drawdown levels were modeled. Throughout the pump station's operating life, this drawdown level has not reach the original modeled results. On average, the water level drawdown is approximately one half of the predicted 80 feet. This condition results in a much lower total dynamic head than expected during design and sacrifices pump efficiency.

Currently, plant operations staff throttles valves on each pump to increase discharge head and allow the pump to operate in an acceptable range on the pump curve. The act of throttling these valves causes cavitation and sacrifices energy. This issue was cited as part of the 2015 Biennial Inspection and given a medium priority rating.

Staff retained Hazen and Sawyer to perform an evaluation of the RBF Pump Station operation with the objective of identifying modification alternatives that Louisville Water could implement to optimize pump operation and reduce cavitation. Hazen and Sawyer has completed their evaluation and generated a technical memorandum summarizing their findings. Based on the recommendations cited in the prepared memorandum, Louisville Water staff recommends that Pumps #1 and #4 be "destaged," or have one bowl removed from the bowl assembly. Louisville Water staff recommends bowl assembly replacements for Pumps #2 and #3 to achieve targeted pump operating conditions. As part of this evaluation, Hazen and Sawyer developed an opinion of probable cost to complete these improvements. Hazen and Sawyer also estimated that Louisville Water spends approximately \$157,000 annually on energy "wasted" by throttling the discharge valves.

Mr. Kraus advised that there is no money budgeted to fund these improvements, so an unbudgeted project is needed. Based on Hazen and Sawyer's opinion of probable cost, staff developed on overall project budget of \$461,133.

Mr. Willman moved to fund an unbudgeted project for the BE Payne RBF Pump Modification in the amount of \$461,133. Seconded by Dr. Dronawat, and the motion unanimously carried.

Contract Awarded for Project 13512 - Zorn Pump Station Restoration and Establish a New Budget of Record

Mr. Kraus advised the Capital Improvement Plan (CIP) includes \$7,153,000 of funding for the exterior and interior restoration of Zorn Pump Station (ZPS) #3 and exterior restoration of the Intake Screen Tower. Staff now requests Board approval to award a contract to the apparent low bidder and decrease the budget of record for the above-referenced project.

The project scope includes replacement of the slate roofs as well as exterior masonry rehabilitation on both buildings. Also included in the scope on ZPS #3 is window replacement and interior painting work. The interior painting work includes the active header piping and the steam pump from the ground floor up. A total of three (3) bids were opened on April 12, 2017, and the submitted bids ranged from \$5,390,634 to \$7,350,000. The apparent low bidder is HGC Construction, with a bid of \$5,390,634, which is \$898,366 below the engineer's estimate. Based on the apparent low bid, design costs, contingency, and estimated contract administration costs, the revised budget estimate is requested to be decreased by \$584,000 to \$6,569,000.

Mr. Willman moved to award Project 13512 – Zorn Pump Station #3 Restoration to HGC Construction in the amount of \$5,390,634, and to establish a new budget of record of \$6,569,000 for this project. Dr. Dronawat seconded and the motion unanimously carried.

Compensation and Benefits Committee Report Given

Ms. Willis advised the Compensation and Benefits Committee met on April 11, 2017 at which time staff reviewed changes to the performance management system which include moving from and five (5) tier rating system to a four (4) tier system and replacing the three (3) zone merit matrix to a quartile (4-zone) zone. These changes will allow more flexibility in performance pay ranges.

Ms. Willis also noted staff presented the Executive Shared Operating Goals, the Management Incentive Goals and the Corporate Performance Goals. The goals included modification as proposed by the BOWW including expanding top-line revenue goals by implementing proactive business growth strategies.

Ms. Willis advised the committee recommends approval of the proposed Executive Shared Operating Goals, the Management Incentive Goals, and the Corporate Performance Goals as presented. Changes to the performance management system do not require BOWW approval.

Dr. Kerrick moved to approve the Executive Shared Operating Goals, the Management Incentive Goals and the Corporate Performance Goals, Dr. Dronawat seconded and the motion unanimously carried.

First Quarter 2017 Certification of Projects & Change Actions Authorized

Mr. Bruce certified that the following Projects and Change Actions were authorized during the First Quarter of 2017 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 |
| 15073 | KY 480 Phase 2 Relocations | \$530,173 | \$349,214 | \$310,809 | \$22,000 |
| xxxxx | BE Payne RBF Pump Modification ² | 461,133 | | 461,133 | 277,759 |
| TOTAL FOR PROPOSALS | | \$991,306 | \$349,214 | \$771,942 | \$299,759 |

| 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 |
| | <i>Non Applicable</i> | \$0 | \$0 | \$0 | \$0 |
| TOTAL FOR CHANGE ACTIONS | | \$0 | \$0 | \$0 | \$0 |

| PROJECT PROPOSALS APPROVED BY THE PRESIDENT | | | | | |
|--|--|---------------------------------|---------------------|---------------------|------------------------------|
| Project Number | Project Name | Requested Total Estimate | Contribution | LWC Net Cost | Current Year Estimate |
| 15118 | Allmond Ave Warehouse Racking Rehabilitation | \$220,250 | \$0 | \$220,250 | \$220,250 |
| TOTAL FOR PROPOSALS | | \$220,250 | \$0 | \$220,250 | \$220,250 |

| 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 |
| 14516 | Condition 2016 Leak Detection | \$524,750 | \$179,200 | \$703,950 | \$179,200 |
| 14547 | BPS - Goshen Temporary Pump Station ¹ | \$404,377 | \$53,400 | \$457,777 | \$53,400 |
| 15059 | I.T. PeopleSoft Upgrade 9.2 | \$330,206 | \$195,790 | \$525,996 | \$195,790 |
| 13219 | Grid-Tie Halls Hill Road | \$130,900 | \$369,100 | \$500,000 | \$369,100 |
| 14187 | 680 Plan - Constr Rose Island Electronic Control Valve Sta | \$864,000 | \$175,900 | \$1,039,900 | \$175,900 |
| TOTAL FOR CHANGE ACTIONS | | \$2,254,233 | \$973,390 | \$3,227,623 | \$973,390 |

STATUS OF OPEN PROJECTS WITH TOTAL ESTIMATE OVER \$2,000,000

| Project Number | Project Name | Total Estimate | Total Cost to Date | Status | Year Opened |
|----------------|---|----------------|--------------------|----------------------|-------------|
| 10415 | Westport Rd 660 30" to BPS | \$4,492,558 | \$6,204,696 | Work in Progress | 2004 |
| 11264 | Cardinal Hill Second Supply 2B | \$3,708,490 | \$125,621 | Pending Capital | 2006 |
| 11310 | Renovate BEP #3 Sludge Lagoon | \$4,088,857 | \$4,435,973 | Work in Progress | 2006 |
| 11615 | Gene Snyder Frwy transmission 1B | \$9,133,000 | \$380,307 | Design in Progress | 2007 |
| 11616 | Gene Snyder Frwy transmission 2A | \$6,641,500 | \$64,331 | Pending Capital | 2007 |
| 13109 | ZPS - Standby Generator | \$9,500,000 | \$511,220 | Pending Capital | 2011 |
| 13264 | CHPS Slate Roof replacement and Masonry | \$6,137,000 | \$215,725 | Pending Capital | 2012 |
| 13274 | AMR and AMI - Jefferson Co | \$58,500,000 | \$58,568 | Pending Capital | 2012 |
| 13364 | Blue Lick Rd Phase 1 Relocation | \$4,294,486 | \$3,856,351 | Work in Progress | 2012 |
| 13512 | Zorn Slate Roof and Masonry Improvement | \$6,427,000 | \$253,645 | Design in Progress | 2013 |
| 13523 | Preston Hwy - Collins Hill, Rolling Fork | \$5,826,421 | \$5,780,175 | Completed Not Closed | 2013 |
| 13526 | 860 PZ-English Station tank II | \$9,700,000 | \$7,780,887 | Work in Progress | 2013 |
| 13650 | Preston Hwy Corridor transmission and distribution | \$2,910,000 | \$1,148,818 | Work in Progress | 2013 |
| 14099 | Grade Ln, Preston Hwy PCCP Condition Assessment | \$2,750,000 | \$2,562,372 | Work in Progress | 2014 |
| 14122 | Hwy 42 16" transmission main | \$2,075,180 | \$2,128,737 | Completed Not Closed | 2014 |
| 14321 | Eastern Pkwy 48" Rehab | \$25,761,000 | \$6,343,538 | Work in Progress | 2015 |
| 14325 | CHFP - Chemical Building and Lab Fire Protection and Office | \$2,900,000 | \$142,702 | Design in Progress | 2015 |
| 14330 | CHWTP Standby Generator | \$11,695,000 | \$224,626 | Design in Progress | 2015 |
| 14515 | CH Yard Piping, Valves Condition Assessment | \$7,000,000 | \$1,274,321 | Work in Progress | 2016 |
| 14517 | Condition 2016 - PCCP mains | \$4,754,949 | \$3,026,760 | Work in Progress | 2016 |
| 14524 | ATT RBF for CH | \$226,900,000 | \$5,068,924 | Design in Progress | 2016 |
| 14530 | Business Intelligence Expansion-Financial and Human Resources | \$2,267,127 | \$0 | Pending Capital | 2016 |
| 14534 | Oracle Utilities CCB, MWM Enhancements | \$3,500,000 | \$1,693,307 | Work in Progress | 2016 |
| 14536 | Work and Asset Management (WAM) | \$9,904,000 | \$3,310,930 | Work in Progress | 2016 |
| 14542 | Urton Ln transmission | \$5,271,500 | \$155,056 | Design in Progress | 2016 |
| 14543 | Bardstown Rd elevated storage tank | \$6,500,000 | \$52,893 | Design in Progress | 2016 |
| 14545 | I-64 transmission to Hwy 55 | \$13,539,300 | \$587,075 | Design in Progress | 2016 |
| 14553 | Minor Ln GT transm | \$2,191,500 | \$424,478 | Design in Progress | 2016 |
| 14557 | Muhammad Ali Blvd area MRRP | \$2,112,500 | \$1,315,105 | Completed Not Closed | 2016 |
| 14558 | Oak St area MRRP | \$2,354,550 | \$1,444,954 | Work in Progress | 2016 |
| 14559 | Portland Ave area MRRP | \$2,671,725 | \$1,219,298 | Work in Progress | 2016 |
| 15035 | Condition 2017 - PCCP | \$7,420,000 | \$429,947 | Work in Progress | 2017 |

First Quarter 2017 Certification of Contracts & Bids Awarded

Mr. Bruce certified that the following contracts were awarded during the First Quarter of 2017 in accordance with the Purchasing Policy and Purchasing Procedures.

Construction

| | | | |
|------------------------------|--|-----------|-----------|
| 13-15 17921.286180 | East Main St. - Assignment from Transmission Main Repair Master Agreement Southern Pipeline (CWBE) | Estimated | \$46,059 |
| 14-21 15028 | Kosmosdale Tank Coatings Renovation-Assignment from Plant & Facility Engineering Services Master Agreement Gresham, Smith & Partners | | \$86,750 |
| 14-44 14319 | Poplar Level Rd. Area Main Replacement - Assignment from Plumbing Services Merrick Company | Estimated | \$27,126 |
| 16-169 14654 | Portland CSO Basin - Water Main Extension Smith Contractors, Inc. | | \$27,805 |
| 16-179 15028 | Kosmosdale Tank Coatings Renovation Horizon Bros. Painting Corp. | | \$540,900 |
| 17-05 15039 | River Park Drive Area Lead Service Renewals Tom Brown Construction | | \$198,500 |
| 17-06 14648 | Hudson Lane Water Main Replacement Flynn Brothers Contracting, Inc. | | \$78,780 |

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|--|--|--------------------|
| 17-09 14457 | Goshen Temporary Pump Station Pace Contracting, LLC | \$299,000 |
| 17-35 14333 | Hwy 1793 Water Main Installation MAC Construction | \$922,700 |
| 17-37 15046 | Lantana Drive Area MRRP Cleary Construction | \$994,800 |
| 17-38 15048 | New Lagrange Road Area Main Replacement Flynn Brothers | \$345,027 |
| 17-40 15047 | Lexington Road Area Main Replacement Excel Excavating | \$1,081,500 |
| 17-43 15069 | Magazine Street Area LSR Tom Brown Construction | \$158,700 |
| 17-49 14655 | Bradbe Road Water Main Relocation Tom Brown Construction | \$74,500 |
| 17-55 15104 | Winston Avenue Area LSR Basham Construction & Rental Company, Inc. | \$326,000 |
| 17-57 15105 | Speed Avenue Area Lead Service Renewals TSI Construction Inc. | \$443,800 |
| SUM BY BIDS AND AWARDS CATEGORY | | \$5,651,947 |

Payments

| | | | |
|--|--|-------------|-----------------|
| Payment 14545 | I-64 Transmission Main Metropolitan Sewer District (MSD) | LWC Portion | \$37,247 |
| SUM BY BIDS AND AWARDS CATEGORY | | | \$37,247 |

Procurement of Materials and Services

| | | | |
|---------------------|--|--|-------------|
| | Employee Group Dental Insurance Delta Dental | Estimated | \$358,488 |
| | Employee Group Disability Insurance Voya Insurance | | \$115,667 |
| | Employee Group Life Insurance Voya Insurance | | \$57,302 |
| 11-11 | Oracle SOA Applications Architect - Assignment from PeopleSoft Managed Services Master Agreement Sierra-Cedar | Estimated | \$344,200 |
| 11-11 | PeopleSoft Managed Services - 6th CPI Renewal Sierra-Cedar | Annual Estimate Unit Price Contract | \$798,000 |
| 11-11 | Upgrade existing PeopleSoft 9.1 system to version 9.2-Assignment to Master Agreement 11-11, Contract # P1028 Sierra-Cedar | Estimated | \$378,330 |
| 12-05 | Cold Water Meters - 2017 PPI 6-month Contract Extension Badger Technology | Estimated | \$439,116 |
| | Neptune Technologies | Estimated | \$486,811 |
| 13-01 | BEPP Filter #2 - Concrete Seal - Assignment from Electro-Mechanical Work for Water Treatment or Distribution Facilities Ward Engineering Company, Inc. | Estimated | \$40,000 |
| 13-101 | Print Utility & Mail Services - 2nd CPI Renewal Utilitec | Annual Estimated Cost | \$1,482,656 |
| 13-116 | Gate and Wheel Valves - 3rd PPI Renewal Mueller Company | Estimated | \$513,958 |
| 13-148 | Equipment Rental - Louisville Water Tower Venue Events - 3rd CPI Renewal Rent N Rave - Secondary | Paid by Renters - Estimated | (\$111,760) |
| | Rental Depot - Primary | Paid to LWC - Estimated | (\$16,764) |
| 13-169 | Commercial Diving Services - 2nd CPI Renewal Marine Solutions, Inc. | Estimated | \$30,000 |
| 13-30 N/A | Uniforms- 4th PPI Renewal National Workwear, Inc. | Estimated | \$93,500 |
| 13-48 | Insurance Brokerage Services - 3rd CPI Renewal Assured Partners HL (fka Neace Lukens) | | \$46,724 |

| | | | |
|--|---|--|---|
| 14-03 | Compensation Consulting Services - 2nd CPI Renewal Mercer | Estimated | \$69,729 |
| 14-10 | AMR Meters, Registers, Endpoint Transmitters & Equipment - 3rd PPI Renewal Neptune Technology Group Inc. | Estimated | \$697,599 |
| 14-130 | Stainless Steel Taping Sleeves w/MJ Outlets - 1st PPI Renewal Ferguson Waterworks Viking Supply | Estimated Estimated | \$35,825 \$18,848 |
| 14-144 | Steel Casing Boring & Jacking - 2nd CPI Renewal Southern Pipeline (CWBE) | Estimated | \$117,415 |
| 15-32 | Grounds Maintenance & Snow Removal - 2nd CPI Renewal Class A Lawn & Landscape - Grounds Maintenance - Site 2 Class A Lawn & Landscape - Snow Removal - Site 1 Greenway Landscape - Snow Removal - Site 2 Ward Brothers Mowing & Tree Service - Grounds - Sites 1, 3, 4 | Estimated Estimated Estimated Estimated | \$54,549 \$13,407 \$87,094 \$104,240 |
| 16-04 <i>Metro Louisville Contract</i> | Auto Parts & On-Line Store - 3rd Metro Renewal NAPA Auto Parts | Estimated | \$521,000 |
| 16-145 12767 | Fort Knox Lagoon #4 Residual Removal Liter's Inc. | | \$445,000 |
| 16-173 | 48-Inch Bell Joint Clamps HD Supply | Estimated | \$98,964 |
| 16-175 | Ready Mix Concrete & Flowable Fill Smyrna Ready Mix | Estimate | \$524,434 |
| 16-178 | Polywrap Ferguson Water Works Hamilton Plastics, Inc. | Estimated | \$21,963 (\$22,637) |
| 16-178 | Polywrap - AWARD CANCELLATION Ferguson Water Works | | |
| 16-22 | Major Engine & Transmission Repairs - Under One Ton Aamco Transmission & Total Car Care All-State Ford Truck Sales, LLC Fleet Pride | Unit Rate Contract Unit Rate Contract Unit Rate Contract | |
| 16-23 | Major Engine & Transmission Repairs - One Ton & Over All-State Ford Truck Sales, LLC Fleet Pride Peterson Truck Center | Unit Rate Contract Unit Rate Contract Unit Rate Contract | |
| 16-48 | Skid Mounted Air Compressors - 1st PPI Renewal Brandeis Machinery | Estimated | \$71,214 |
| 17-01 <i>N/A</i> | Notification and Collection of Delinquent Accounts "REJECT ALL BIDS" | | |
| 17-04 | Copper Tubing Spot Purchase & Staggered Delivery Ferguson Water Works | Estimated | \$253,831 |
| 17-10 | Right Hand Drive Utility Vehicles (Two Door and Four Door Models) Bales Motor Company | | \$136,387 |
| 17-32 <i>N/A</i> | Sludge Hauling from Central Water Treatment Plant B&H Environmental Services, Inc. | Estimate | \$123,200 |
| GSA Contract <i>GS35F495AA</i> <i>14534</i> | 2017 Oracle Utilities CCB, MWM, OUCSS Enhancements & Support-Assignment from Master Agreement V-Soft Consulting (MBE) | Estimated | \$850,291 |
| GSA Contract <i>GS35F0511T</i> | EMC ECS Storage Arrays RoundTower Technologies | | \$278,289 |
| GSA Contract <i>GS-35F-267DA</i> | Oracle Application Testing Suite Upgrade / Migration DLT | | \$35,318 |
| GSA Contract <i>GS35F495AA</i> | Oracle Applications Technical Architect V-Soft Consulting (MBE) | | \$314,880 |
| GSA Purchase <i>GS35F495AA</i> | Oracle Database Administrator Resident - 6-month contract V-Soft Consulting (MBE) | | \$102,690 |
| Insurance | Retiree Group Medicare Insurance Anthem | | \$52,000 |
| KDOT Contract <i>16-150 - RFB 605-</i> | 39th Street Area LSR Flynn Bros | | \$155,972 |

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| | | | |
|--|--|-----|---------------------|
| KY State Contract | Advertising, Marketing, Creative/Graphic Design & Public Relations Services | | |
| | Master Agreement - 5-month contract | | |
| 758160000633 | Bandy Carrol Hellige (BCH) | NTE | \$40,000 |
| KY State Contract | PC Purchase for Replacement Rotation Plan | | |
| MA-758-060000331126 | Dell | | \$47,688 |
| Contract #9914660 | | | |
| Quote | Oracle Sun Server Maintenance - RENEWAL | | |
| | Oracle | | \$20,154 |
| SUM BY BIDS AND AWARDS CATEGORY | | | \$10,325,572 |

Procurement of Professional Services

| | | | |
|--|--|---------------------------------|--------------------|
| 09-21 | Allmond - Security Building and Fencing - Assignment from Master Agreement - Architectural & Facility Engineering Design Services | | |
| 14439 | JRA Architects | NTE | \$49,500 |
| 14-21 | CHWTP Standby Generators-Final Design & Bidding Service-Assignment from Plant and Facility Engineering Services Master Agreement | | |
| 14330 | CDM Smith | NTE | \$551,077 |
| 15-47 | 2017 Condition Assessment - Reservoir Yard Piping and Valves - Assignment from Surveying, Platting and Mapping | | |
| 15036 | Jacobi, Toombs & Lanz, Inc. (MBE) | | \$40,300 |
| 16-02 | Architectural (RFP - 35% Technical, 40% Interview, 25% Cost) | | |
| | JRA, Inc. | Unit Price Contract - Estimated | \$400,000 |
| Professional Service | Condition 2016 - Crescent Hill Yard Piping and Valves - Acoustic Leak Detection | | |
| 14515 | Echologics LLC / Mueller Technologies | | \$42,150 |
| Professional | KYTC Eastern Parkway Bridge Replacement over Beargrass Creek – 48" Transmission Service Main Relocation | | |
| 15066 | HDR, Inc. | Estimated | \$24,414 |
| SUM BY BIDS AND AWARDS CATEGORY | | | \$1,107,441 |

Procurement of Sole Source Materials and Services

| | | | |
|--|--|-----------|---------------------|
| | On-Site Chlorine Generation System - CHFP & BEPP - Maintenance Contract | | |
| | De Nora Water Technologies, LLC (fka Severn Trent Water Purification) | | \$54,125 |
| 14-51 | Laboratory Water Testing Supplies - 3rd Renewal | | |
| | Idexx Distribution, Inc. | Estimated | \$41,482 |
| Sole Source | Denora (fka Severn Trent) Cell with Plate Assembly | | |
| | Denora Water Technologies | Estimated | \$56,050 |
| Sole Source | John L. Huber Building Standby Generator | | |
| 15056 | Power Encore, LLC | | \$87,495 |
| Sole Source | LOJIC Capital & Operations Cost | | |
| | Metropolitan Sewer District (MSD) | | \$361,188 |
| Sole Source | T.C. Technology Software License and Maintenance Agreement - 2017 | | |
| | T.C. Technology (fka Tadpole Technologies) | | \$26,677 |
| Sole Source | Two (2) Denora (fka Severn Trent) FRP Cell Casings with Plugs | | |
| | Delaney and Associates, Inc. | Estimated | \$29,992 |
| SUM BY BIDS AND AWARDS CATEGORY | | | \$657,009 |
| GRAND TOTAL | | | \$17,779,216 |

Executive Session Held

Dr. Kerrick moved to go into Executive Session to discuss personnel matters pursuant to KRS 61.810(f) at 11:59 p.m., seconded by Mr. Willman, and the motion unanimously carried.

Open Session Resumed

Dr. Dronawat moved to return to Open Session at 1:35 p.m., seconded by Dr. Kerrick and the motion unanimously carried.

No action was taken in Executive Session.

Financial Report Given

Ms. Pearson provided a summary of the Financial Report for March.

The Kentucky Retirement System (KRS) has posted a preliminary financial report for fiscal year ending June 30, 2016 enabling us to update our financial statements for December and full year 2016. However, the KRS report is unaudited and subject to change. Issuance of the Company's audited financial statements and annual report will be delayed until the final, audited KRS financial report is released. The latest communication that we have received from KRS indicates that the audited financial report will definitely be available by the end of May, and possibly by the end of April.

Total water consumption for March 2017 is lower than budget. Correspondingly, water revenue came in less than budget as well, though to a much lesser extent. Other operating revenue came in slightly over budget in March. Operating expenses are under budget for the month, while non-operating income and expense both performed unfavorably to budget. As a result, net income for the month is \$144,000 higher than budgeted.

Consumption of 2.5 billion gallons for March 2017 is 59 million gallons less than budget, and 16 million gallons less than March 2016. All customer classes in March are under budget with the exception of irrigation and private fire services. Year-to-date consumption remains over budget and prior year by 0.6% and 2.3%, respectively. Through March, the residential and commercial customer classes are primarily driving the variance over budget.

Water Revenue for March 2017 is \$96,000 lower than budget and \$450,000 higher than the prior year. Water revenue through March is \$663,000 higher than budget and \$2.2 million higher 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 March is \$9,000 higher than budget and \$58,000 higher than year-ago levels. For the period-to-date, other operating revenue is \$123,000 below budget and \$65,000 over prior year. The year-to-date variance to budget is primarily due to disconnect fees, service line protection and contract operations revenue running lower than anticipated, offset by higher than expected late charges. The variance to prior year is driven by higher sewer billing and contract operations revenue offset by lower late charges and service line protection revenue.

Operating and Maintenance (O&M) Expenses for March of \$6.2 million are \$149,000 lower than budget and \$81,000 lower than March 2016. The March variance from budget is driven by lower chemicals, utilities, materials and supplies and labor and labor related costs. March year-to-date O&M expenses are \$846,000 under budget and \$689,000 higher than year-ago levels. The majority of the year-to-date favorable budget variance is in labor and labor related costs, contractual services, chemicals, utilities and materials and supplies costs, offset by higher bad debt expense. The labor variance is a result of full time vacancies, along with lower overtime partially due to fewer main breaks. Contractual services are lower due to projects in IT, including PeopleSoft upgrade support budgeted, but not yet incurred. Various other contractual services in

Communications, Facilities Maintenance and Metering were also budgeted in March but are not expected to start until later in the second quarter.

Total Operating Expenses for March of \$10.7 million are \$245,000 lower than budget and \$101,000 more than March 2016. Total operating expenses year-to-date are 3.2% lower than budget, but are 4.7% over year-ago levels. The year-to-date budget variance is mainly due to lower O&M costs and loss from disposition of property.

Non-Operating Income through March is \$252,000, which is \$1,000 higher than budget and \$62,000 more than same period through March 2016. Interest income is higher than prior year due to investment of bond funds in April and May of 2016.

Non-Operating Expense through March of \$2.1 million is \$11,000 less than budgeted and \$161,000 less than year-ago levels. Interest expense is less than prior year due to significant payments on bonds made in November 2016.

Net Income before Distributions and Contributions for March is \$3.1 million, \$144,000 more than budgeted. In comparison between years, net income for March is \$450,000 more than March 2016. March year-to-date net income of \$10.4 million is \$1.6 million higher than budget and \$1.1 million more than the three months ended March 2016. Contributions through March of \$1.7 million are \$230,000 higher than budgeted and \$560,000 less than prior year.

Temporary Cash and Reserves totaled \$65.5 million at the end of March 2017, well in excess of 250 days of estimated Operations and Maintenance expense of \$51.7 million.

Customer Service and Distribution Operations Report Given

Mr. Vogel summarized the customer service report for the month of March.

The Call Center operations received 37,336 calls in March with an abandonment rate of 10.9%. Year-to-date, our abandonment rate is running at 13.4% which is significantly lower than last year (21.4%) and also lower than the five-year average (18.7%). The average speed of answer (ASA) came in at 5:20 m:s for the month which was higher than anticipated due to staff turnover. Year-to-date, our ASA is running at 5:09 m:s which is significantly lower than last year (8:17 m:s) and in line with the five-year average.

In March, we began a scheduling pilot where several of our staff work extended days on Mondays and Fridays, and shorter days during midweek. This effort is an attempt to add resources to the busier parts of the week and the results will be evaluated at the end of April.

After decreasing in the 4th quarter 2016, the Total CSI rose slightly finishing up two index points at 847. All components were up from the previous quarter and the biggest gains were seen in the Information and Customer Service components.

The Serviced CSI gained significant ground from the 4th quarter and increased 84 index points. The Serviced CSI index increased to 875 which is the highest level since go-live. All components were up significantly from the previous quarter led by the Price/Value and Customer Service measures. Staff is reviewing the data and verbatim responses to determine the key factors that drove these increases.

March ended with 22 main breaks for the month, which is slightly lower than last year (25) and the five-year

average (28). Warmer temperatures have continued to help minimize the break activity. Year-to-date, main break activity (137) is running significantly lower than both last year (174) and the five-year average (230). Crews continue to focus more on capital activities and working down the O&M backlog.

Nine apprentices continued their training and rotation through various work areas with a target of mid-June for completion. Twelve new General Laborers were hired and started work on March 27. A new Operations Supervisor job description was developed for Metering/MDOL and will be used going forward to provide greater management flexibility and enhanced job progression for these individuals.

Billing continues to maintain stable operations even with the absence of 3 critical resources (Billing Supervisor, Billing Lead, and Billing Associate). Management is actively using the CC&B analytic tool to better assign and track field work activities.

Mr. Vogel advised that Mr. Jim Grunow recently attended a meeting of the WaterWorks Management Workshop, which is a group of utilities similar in size to Louisville Water. This group meets twice per year to discuss items of interest to all. Mr. Grunow shared information concerning Louisville Water's safety program and use of safety coins with his counterparts from Anchorage Water and Sewer giving them a few samples of the coins. Anchorage has recently requested several more coins and has initiated a safety program using the coins. So Louisville Water's safety program is now having a positive impact on one of our peer utilities as far away as Anchorage. Next year Anchorage will have their own safety coins made and will share them with Louisville Water.

Engineering and Production Operations Report Given

Mr. Kraus summarized the engineering and operations report for the month of March.

Expenditures through March totaled \$15,542,766 which is \$4,856,848 or 45.45% higher than the same period last year. These expenditures equate to 14.09% of the 2017 current capital program of \$110,316,455.

The amount of water produced and delivered to the system in March 2017 was 101.0 MGD, which was 0.5% lower than March 2016 and 4.6% lower than the March five-year average. For year-to-date, the amount of water delivered to the system is 2.5% lower than 2016, and 4.7% lower than five-year average.

Staff collected 280 regular distribution samples in March. There were no positive total coliform or E-Coli results and all of Louisville Water's internal water quality goals were met. Staff also sampled 20 main break repairs in the month, of which eleven (11) localized boil water advisories were issued due to field conditions.

Crescent Hill Treatment Plant was recognized by the Kentucky Energy and Environment Cabinet (Department for Environmental Protection - Division of Water) for meeting the Area-Wide Optimization Program (AWOP) goals for both settled and filtered water in 2016, and being considered an optimized plant for turbidity/microbial removal. Twenty states participate in the US EPA's AWOP program. The purpose of AWOP is to encourage drinking water plants to surpass federal and state guidelines, and to provide an increased and sustainable level of public health protection for their consumers. AWOP goals are more stringent than regulations and achievement shows a level of proactively targeting treatment plant performance.

Communications and Marketing Report Given

Ms. Dearing-Smith summarized the Communication and Marketing report for the month of April.

Ms. Dearing-Smith advised Louisville Water's community outreach with Louisville pure tap® picks up momentum in the spring with the Triple Crown of Running. Louisville Water coordinates water stops along the route for the three races where volunteers distribute the water. This is a coordinated effort between Communications and Distribution Operations. Throughout 2017, Louisville Water will reach nearly a million people with the Louisville pure tap® program.

March 22 was "World Water Day," an event created by the United Nations to highlight the importance of safe drinking water. To mark the occasion, Louisville Water presented awards to students at Fern Creek High School who were the winners of an art contest coordinated by Louisville Water and Louisville / Jefferson County Metropolitan Sewer District (MSD) along with the Louisville Water Foundation. The students created artwork that answered the prompt, Imagine a day without water.

Louisville Water educators visited more than 40 schools in the first quarter of 2017 with real-world curriculum examples on water. One unique partnership is with Fund for the Arts and Louisville Visual Art. Students at three Jefferson County elementary schools are participating in a series of programs on form and function, centered on the Louisville Water Tower. Students learn the history of Louisville Water and the tower from our educators and then work with local artists to create their own water tower. This is a pilot program with funding from the Louisville Water Foundation.

As part of the Louisville Zoo's "Earth Month," Louisville Water was at the Zoo in April for a featured water day. Thousands of guests learned about water quality and riverbank filtration. Louisville Water has a long-standing partnership with the Zoo that includes year-round education.

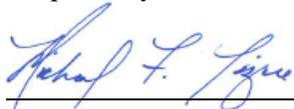
The WaterWorks Museum at Louisville Water Tower Park recently marked its third anniversary. Since 2014, over 100,000 people have visited the site from 45 states and 22 countries. Field trips and special interest tours continue to grow, especially from organizations outside of Jefferson County. Recently, the Museum hosted Shelby County middle schools for a series of tours.

Louisville Water frequently receives positive comments on the taste of its water and in early April, social media was abuzz with comments from Louisvillians on spring break who missed Louisville pure tap®. All of this social media chatter was featured in a recent Courier Journal feature.

As Phase I of the Eastern Parkway transmission main project nears completion, Louisville Water uncovered a piece of history, a 10,000 pound valve that was installed in the late 1920s with the original pipe. This unique find generated local and national media stories. We'll preserve the valve and eventually add it to an outdoor display at the WaterWorks Museum.

There being no further business for the Board, Ms. Willis moved to adjourn at 1:55 p.m., seconded by Dr. Dronawat, and the motion unanimously carried.

Respectfully submitted,



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