

**Board Of Water Works
REGULAR CALLED MEETING MINUTES
October 17, 2023
Virtual Meeting**

Board Members Present:

Mr. Paul Esselman, Vice Chair
Ms. Cathe Dykstra
Ms. Jennifer Fust-Rutherford
Dr. Sharon Kerrick
Mr. William E. Summers, IV

Not Present:

Mayor Craig Greenberg
Dr. Sundeep “Sunny” Dronawat, Chair

Others Present:

Mr. Spencer Bruce, President and Chief Executive Officer
Ms. Dana Mayton, Louisville Metro, Deputy Mayor
Mr. Dave Vogel, Executive Vice President, Customer Service and Distribution Operations
Ms. Kelley Dearing Smith, Vice President, Communications and Marketing
Mr. Jeff Knott, Vice President, Information Technology
Ms. Lynn Pearson, Vice President, Finance and Treasurer
Mr. Tim Kraus, Vice President, Engineering and Chief Engineer
Mr. Terrence Spence, Vice President, Human Resources and Labor Relations
Mr. Michael Tighe, Vice President, Compliance, General Counsel and Corporate Secretary
Mr. Adam Carter, Union President, Local 1683 of the AFSCME, AFL-CIO
Ms. Shannon Tivitt, Executive Director, One Water
Mr. Jordan Basham, Director, Infrastructure Planning
Ms. Sue Purdy, Director, Finance and Accounting
Ms. Jenni Schelling, Director, Internal Audit
Mr. Andrew Winslow, Manager, Finance
Ms. Ramiza Carpenter, Senior Financial Analyst
Ms. Meghan Starnes, Budget Specialist II
Mr. Jeff Libich, Microcomputer and Network Analyst
Ms. Beverly Soice, Paralegal

Visitors:

The meeting of the Board of Water Works (BOWW) was held on Tuesday, October 17, 2023 virtually via Microsoft Teams. Vice Chair, Paul Esselman called the meeting to order at 11:02 a.m.

Spencer Bruce welcomed the new BOWW director, Cathe Dykstra. Ms. Dykstra provide a brief summary of her professional background. The Vice Presidents introduced themselves and welcomed Ms. Dykstra to the Board.

Michael Tighe administered the Oath of Office to Ms. Dykstra.

Minutes of the Previous Regular BOWW Meeting Approved

William Summers moved to approve the regular monthly meeting minutes of September 19, 2023. Jennifer Fust-Rutherford seconded, and the motion unanimously carried.

President/CEO Report Given

Mr. Bruce reported that he recently spoke to an economic development group tasked with outlining a plan to carry Louisville through the next decade. Mayor Craig Greenberg stated one competitive advantage that is unique to Louisville compared to other cities is its water. He added that we have ample water and *good* water here in Louisville.

Ms. Bruce advised that the Ohio River is an incredible resource that allows us to provide an average of 127 million gallons of water a day to nearly a million people in our area. He added that we actually have the ability to produce as much as 220 million gallons a day between our two water treatment plants.

Speaking at the Greater Louisville Idea Development Expedition (GLIDE) held in Boston, Mayor Greenberg highlighted Louisville Water as an “untapped asset.” In addition, dozens of government, business, and non-profit leaders from Louisville and Boston collaborated on manufacturing and technology, as well as funding projects to energize waterfront and medical districts. Diversity, Equity, Inclusion, and Belonging were part of many discussions. Boston shared its successes and offered insights into how Louisville can grow minority businesses.

President Designated as the Authorized Official to Execute Documents to Accept Funds from the Drinking Water State Revolving Loan Fund

Tim Kraus requested that the Board officially designate Spencer Bruce as the authorized official to sign documents related to acceptance of funds from the Kentucky Infrastructure Authority (KIA) made available through the Drinking Water State Revolving Loan Fund (DWSRF) for the purpose of Lead Service Line Replacement.

Louisville Water was awarded a total funding package of \$32,134,730, of which \$22,791,330, or 71%, is forgivable. The remaining \$9,343,400 will be repaid over a period of 20 years.

Mr. Esselman moved to officially designate Mr. Bruce as the authorized official to sign appropriate documents related to acceptance of DWSRF funding for the projects, including the required Conditional Commitment Letters. Ms. Fust-Rutherford seconded, and the motion unanimously carried.

Contract Awarded for Project 16238: Ralph Avenue Area Water Main Replacement

Mr. Kraus requested Board authorization to award a contract for the Ralph Avenue Area Water Main Replacement Project. The Ralph Avenue Project consist of 8,890 linear feet of distribution water main replacement, with pipe sizes ranging from 12-inch diameter to 4-inch diameter along five different streets, located in the west central end of Louisville Metro.

Bids were received and opened on October 11. The apparent low bid for this project was from Seven Seas Construction in the amount of \$2,694,692.88, which is 5.4% lower than the engineers estimate of \$2,850,000.

Mr. Summers moved to award a contract for the Ralph Avenue Area Water Main Replacement Project to Seven Seas Construction be approved in the amount of \$2,694,692.88. Ms. Fust-Rutherford seconded, and the motion unanimously carried.

Amend One Water Bylaws and Interlocal Agreement

This item will be brought to the Board in November or December as the documentation is not yet completed.

Compensation and Benefits Committee

Ms. Fust-Rutherford, chair of the Compensation and Benefits Committee presented a summary of the discussions held at the October 2, 2023 meeting.

David Miller with Mercer, Louisville Water's third-party compensation expert, attended the committee meeting and provided preliminary information concerning current labor market challenges and discussed planning for 2024.

Mr. Miller advised that preliminary results from Mercer's Compensation Market Trends Analysis indicate that companies project budgets for merit increases for 2024 range between 3.5% to 4%. Results also indicate wage bands are trending upwards between 2% to 2.5%.

Mercer also recommends Louisville Water modify the Company's non-union employee salary band width from a 60% range to a 50% range structure to allow for progressive employee range penetration.

Ms. Fust-Rutherford advised that Louisville Water's employer provided health insurance through Humana will have a 0% premium increase covering nine months of the 2024 benefit calendar year.

Ms. Fust-Rutherford, for the Compensation & Benefits Committee moved to recommend the following for the 2024 calendar / benefit plan year: (1) budget a merit increase of 4% based on Mercer's analysis; (2) adjust the non-union employee's salary structure upward by 2.25%; and, (3) narrow the non-union employee pay range width from 60% to 50%. Ms. Dykstra seconded, and the motion unanimously carried.

2024 Preliminary Operating and Capital Budget Reviewed

Lynn Pearson and Mr. Kraus provided highlights of the preliminary 2024 Operating and Capital Budget. The presentation included a 2023 year in review, a full year forecast for 2023, an overview of the budget process and timetable along with a look at Louisville Water's 2024 funding priorities with key drivers and assumptions for revenue and expenses. A summary of the budgeted capital by category was also presented.

Ms. Pearson noted that Blue Focus, LLC is a wholly-owned subsidiary that is funded by capital contributions from Louisville Water. It is anticipated that Blue Focus will begin to generate revenue in 2024.. Beginning in 2024, Blue Focus will have a separate budget.

Ms. Pearson took a moment to thank her budget team for their hard work on the 2024 proposed budget. She recognized Sue Purdy, Andrew Winslow, Ramiza Carpenter and Meghan Starnes.

Third Quarter Certification of Projects & Change Actions Authorized

Mr. Bruce certified that the following Projects and Change Actions were authorized during the Second Quarter of 2023 in accordance with the Capital Projects Authorization Policy and Procedure.

Project Proposals Requiring Board Approval:

Project Number	Project Name	Requested Total	Contribution	LWC Net Cost	Current Year Estimate
Total					

Project Change Actions/Admin Notifications Requiring Board Approval:

Project Number	Project Name	Previously	Change In Total	Requested Total Estimate	Change In Current Year
11310	BEP - Renovate Sludge Lagoons #1, #2, #3, and #4	\$18,952,395	\$1,017,885	\$19,970,280	\$0
16103	W Muhammad Ali Area-2021 MRRP	(\$1,028,757)	\$1,028,757	\$0	\$1,440,144
16107	N 26th St Area-2021 MRRP	(\$350,000)	\$350,000	\$0	\$350,000
16224	2022 MRRP (MDO) - Foreman Ln	(\$257,000)	\$257,000	\$0	\$12,000
Total		\$17,316,638	\$2,653,642	\$19,970,280	\$1,802,144

Project Proposals Approved by the President:

Project Number	Project Name	Requested Total	Contribution	LWCNet Cost	Current Year Estimate
Total					

Project Change Actions Approved by the President with Total Estimate Changes:

Project Number	Project Name	Previously	Change In Total	Requested Total Estimate	Change In Current Year
11310	BEP - Renovate Sludge Lagoons #1, #2, #3, and #4	\$18,952,395	\$1,017,885	\$19,970,280	\$0
16037	Newtown Woods	(\$170,793)	\$170,793	\$0	\$170,093
16103	W Muhammad Ali Area-2021 MRRP	(\$1,028,757)	\$1,028,757	\$0	\$1,440,144
16107	N 26th St Area-2021 MRRP	(\$350,000)	\$350,000	\$0	\$350,000
16224	2022 MRRP (MDO) - Foreman Ln	(\$257,000)	\$257,000	\$0	\$12,000
16305	EBS Phase 2 Enhancements	(\$139,790)	\$139,790	\$0	\$139,790
16342	Owl Creek Ln Ext	(\$120,000)	\$120,000	\$0	(\$60,415)
16408	New Lrg Svc FH & FS 2023	(\$111,000)	\$111,000	\$0	\$100,000
16467	JL Huber Bldg Remodel	(\$220,146)	\$220,146	\$0	(\$100,000)
16501	Phone System Upgrade/Omni Ch	(\$198,106)	\$198,106	\$0	(\$514,321)
Total		\$16,356,803	\$3,613,477	\$19,970,280	\$1,537,291

Project Change Actions Approved by the President with no change Total Estimate Changes:

Project Number	Project Name	Previously Approved Total	Change In Total Estimate	Requested Total Estimate	Change In Current Year Estimate
15468	Kentucky,Oak,Glenmary Transmission Main Rehab 2019	\$11,500,000	\$0	\$11,500,000	\$134,000
16178	John Lee Rd 8-in Extension	\$0	\$0	\$0	\$264,162
16270	2021 PCCP Condition Assessment	\$0	\$0	\$0	\$400,000
16307	KYTC-Reloc Old Henry Rd Widening	\$0	\$0	\$0	\$239,090
16377	690 Plan Transmission Salt River to Chapeze BPS	\$0	\$0	\$0	\$739,500
16378	690 Plan Transmission Clermont Tank to Belmont BPS	\$0	\$0	\$0	\$110,300
Total		\$11,500,000	\$0	\$11,500,000	\$1,887,052

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

Project Number	Project Name	Total Estimate	Total Cost To	Status	Budget Year Category
11264	Transmission - Cardinal Hill Second Supply Phase 2B	\$3,708,490	\$125,621	Pending Capital	2005 Budget
11310	BEP - Renovate Sludge Lagoons #1, #2, #3, and #4	\$19,970,280	\$16,793,022	Work In Progress	2006 Budget
13264	CHPS - Replace Slate Roof and Improve Masonry	\$6,137,000	\$215,725	Pending Capital	2012 Budget
13274	Metering - AMI for Jefferson County	\$61,000,000	\$52,703,735	Design In Progress	2013 Budget
14325	CHFP - Chemical Building and Lab Fire Protection and Office Space Improvements for Productions	\$14,107,740	\$16,554,291	Work In Progress	2015 Budget
14524	ATT RBF for CH	\$221,905,253	\$5,724,658	Pending Capital	2017 Budget
14542	Transmission - Urton Lane	\$5,297,725	\$789,366	Completed Not Closed	2017 Budget
15036	Condition 2017 - Reservoir Yard Piping and Valves	\$5,000,000	\$59,493	Design In Progress	2017 Budget - Program
15253	900 Plan - Old Henry Rd to Terra Crossing Blvd	\$2,374,551	\$60,257	Pending Capital	2018 Budget
15468	Kentucky,Oak,Glenmary Transmission Main Rehab 2019	\$11,500,000	\$513,803	Design In Progress	2019 Budget
15506	660 Plan-SW Jefferson County Improvements-Blanton Lane 20 inch	\$5,464,300	\$4,287,694	Completed Not Closed	2019 Budget - Unbudgeted
15515	E Manslick Rd - MRRP 2019	\$2,928,001	\$1,567,379	Completed Not Closed	2019 Budget - Unbudgeted

- 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

Third Quarter Certification of Contracts & Bids Awarded

Mr. Bruce certified that the following contracts were awarded during the Second Quarter of 2023 in accordance with the Purchasing Policy and Procedure.

Construction

20-86	Pavement Restoration Utilizing Louisville Metro Contract Renewal		
IFB200148	Hall Contracting	Estimate	\$1,500,000
22-112	Assignment to Transmission System Repairs and or Capital Improvements Master Agreement-48-inch Main Repair at 1073 East Kentucky Street		
16566	Basham Construction and Rental Co., Inc. (LWC-SBE)		\$241,458
22-112	Assignment to Transmission System Repairs and or Capital Improvements Master Agreement-CHWTP Redundant Residuals/Sludge Conveyance System CO#1		
15619	MAC Construction and Excavating, Inc		\$141,693
22-112	Assignment to Transmission System Repairs and or Capital Improvements Master Agreement-Bates Road 24" Condition Assessment		
16544	Southern Pipeline Construction Co.		\$437,562
23-41	Owl Creek Lane Water Main Extension Project		
16342	Basham Construction & Rental Co., Inc.(LWC SBE)		\$556,000
23-49	John Lee Road - 8-inch Water Main Extension		
16178	Argenbright Dirt Works		\$346,964
23-51	Sylvania #6 Road Water Main Extension		
16448	Argenbright Dirt Works		\$285,574
23-63	Private Lead Service Line Replacement - Known Lead Agreement Group G		
16397	Argenbright Dirt Works		\$209,982
23-71	South Hwy 1694 8-Inch Water Main Extension Project		
16177	C J Hughes Construction Co., Inc.		\$1,070,520
23-73	External Post-Tensioning Tendon Repairs on Large Diameter PCCP Water Mains		
23937	Dywidag Systems International USA Inc.	Estimate	\$474,455
23-74	Carbon Fiber-Reinforced Polymer Repairs on Large Diameter Water Mains		
23937	Structural Preservation Systems, LLC	Estimate	\$920,954
23-81	Foreman Lane MRRP		
16224	S-Walk Inc. dba Seven Seas Construction (CMBE & LWC SBE)		\$388,647
23-84	Private Lead Service Line Replacement-Known Lead Agreement Group I		
16397	Basham Construction & Rental Co. (LWC-SBE)		\$206,000
23-91	Private Lead Service Line Replacement – Known Lead Agreement Group J		
16397	Basham Construction & Rental Co., Inc. (LWC-SBE)		\$205,000
23-93	Allmond Distribution Center Fountain & 4804 Strawberry Lane		
16081	Basham Construction & Rental Co. (LWC-SBE)		\$245,000
	SUM BY BIDS AND AWARDS CATEGORY		\$7,229,809

Procurement of Materials and Services

13-169	Purchase and Installation of New ZPS Screen Chains		
16573	Marine Solutions, Inc.	Estimate	\$554,700
19-0919	Paving Restoration 3rd & Final CPI Renewal		
	Reid Brothers, Inc.	Estimate	\$727,696
21-107	Barricade Rental, and Traffic Control Packages, Signage 2nd CPI Renewal		
	AWP, Inc.		\$499,670
21-126	Single Axle 6yd Hydro-Excavating Truck 2nd PPI Renewal		
16102	BEC Enterprises LLC	Estimate	\$369,856
22-22	Emergency Response Services 1st CPI Renewal		
	Pro4mance Fire & Water	Estimate	\$220,000

22-70	Microsoft License Renewal 1 Year Term Renewal		
2018011-02	Software House International (SHI) (CMBE)		\$248,747
22-81	Flagging and Traffic Control Services 2023 Contract Extension		
	AWP, Inc.		\$996,984
	Safe Zone Services		\$22,859
23-23	Ultra Low Sulfur #2 Diesel Fuel Bid by Transit Authority of River City (TARC)		
	James River Solutions (CWBE)	Estimate	\$1,159,184
23-80	Water Treatment Chemicals		
	Airgas Specialty Products-Aqua Ammonia		\$151,456
	American Welding & Gas-Liquid Carbon Dioxide		\$43,680
	Brenntag Mid-South-Hydrochloric Acid		\$31,680
	CarbPure-Powdered Activated Carbon PAC (Taste & Odor)		\$471,960
	Caus, LLC-Liquid Sodium Permanganate		\$109,200
	Chemical Resources-Liquid Sodium Bisulfite		\$40,500
	Chemical Resources-Liquid Sodium Chlorite (Drums)		\$68,320
	Evoqua Water Technologies-Liquid Sodium Chlorite (Bulk)		\$83,040
	Gunther Salt-Sodium Chloride		\$725,600
	Penncco, Inc.-Fluorosilicic Acid		\$283,932
	Polydyne-Poly (diallyl dimethylammonium chloride)		\$384,120
	USALCO-Liquid PolyaluminumChloride (PACL)		\$55,200
23-86	LMG Utility Paving Utilizing Louisville Metro Contract		
Metro contract -200148	Hall Contracting of Kentucky, Inc.		\$500,000
23-92	Fuel (Unleaded Allmond & Crescent Hill) Diesel (Crescent Hill only with Airport)		
	Key Oil Company	Estimate 2 Year	\$827,074
Omnia Contract	Knoll Systems Furniture for Crescent Hill Office Facilities		
202000608			
14325	ID&A, Inc.	NTE	\$241,094
SUM BY BIDS AND AWARDS CATEGORY			\$8,816,552

Procurement of Professional Services

16-02	Assignment to Architectural & Facility Engineering Design Services - Master Agreement- Allmond Facility Renovation Phase 2 – Truckwash and Fuel Station		
16081	JRA Architects	NTE	\$579,980
20-91	Facilitation of Louisville Water Company's (Louisville Water/the Company) Diversity, Equity, Inclusion and Belonging (DEIB) Initiative Continuation Renewal		
	Integrity Development Corporation (CMBE)	Estimate	\$280,000
22-104	Assignment to Electromagnetic Inspection and Leak Detection on Large Diameter Water Mains Master Agreement-Bates Road 24" Condition Assessment		
16544	Pure Technologies U.S. Inc.		\$456,349
SUM BY BIDS AND AWARDS CATEGORY			\$1,316,329

Procurement of Sole Source Materials and Services

	Purchase of four (4) Complete Cells with Plate assemblies for BEP and CHFP for Sodium Hypochlorite Generation System		
16564	De Nora Water Technologies, Inc	Estimate	\$365,327
SUM BY BIDS AND AWARDS CATEGORY			\$365,327
GRAND TOTAL			\$17,728,017

Financial Report Given

Ms. Pearson advised that September financial performance was strong, with water and other operating revenue, total operating expense and non-operating revenue and expense all performing favorably to budget. As a result, net income for the month exceeded budget by \$471,000. Details of the Company's financial performance as compared to budget and prior year are as follows.

Consumption of 3.5 billion gallons for September is 64 million gallons higher than budget and 7.7 million gallons higher than September 2022. All customer classes were over budget in September with the exception of residential and Metro government. Year-to-date consumption remains above budget and prior year by 1.0% and 2.2% respectively, with the commercial and irrigation classes driving the favorable budget variance.

Water Revenue for September is \$92,000 higher than budget and \$804,000 above prior year. Higher consumption, resulting from extremely dry weather, is the key factor driving higher water revenue for this period as compared to budget. All customer classes are higher than budget for the month with the exception of residential and Metro government. For the year-to-date period, water revenue is 0.2% over budget and 6.8% higher than prior year levels.

Other Operating Revenue for September is \$81,000 higher than budget and \$17,000 above year-ago levels. The variance to budget is mainly attributable to higher revenue from service line protection, late charges and disconnect fees. The increase over prior year is also driven by increased revenue from service line protection and, to a lesser extent, from sewer billing fees. These increases are somewhat offset by lower revenue from late charges and cross connection fees. Year-to-date, other operating revenue is \$515,000 higher than budget and \$863,000 higher than prior year. The year-to-date variance to budget is primarily due to increased revenue from late charges, disconnect fees, service line protection and temporary service fees.

Operating and Maintenance Expenses for September of \$8.9 million are \$294,000 higher than budget and \$643,000 higher than September 2022. The September variance to budget is primarily due to higher chemical costs and to a lesser extent, insurance reserves and fleet costs. These budget overages were partially offset by lower labor and labor-related, contractual services, and system support and maintenance costs. The increased chemical costs are a result of additional water treatment required due to river conditions. The higher costs as compared to September 2022 are a result of increases in numerous categories including chemicals, materials and supplies, insurance reserves and labor and labor-related costs, offset by decreases in contractual services, utilities and systems support and maintenance expense. September year-to-date operating and maintenance expenses are \$874,000 lower than budget and \$5.8 million higher than year-ago levels. Labor and labor-related, contractual services, system support and maintenance, bad debt and travel and training costs were all lower than budget through September. These favorable variances were partially offset by overages in utilities, chemicals and materials and supplies. The escalation in costs from prior year levels through September reflects the continued impact of inflation with higher than normal increases in most categories with utilities, chemicals, materials and supplies, contractual services, systems support and maintenance, insurance reserves and labor and labor-related costs having the most significant growth.

Total Operating Expenses for September of \$15.3 million are \$104,000 lower than budget and \$584,000 more than prior year. The budget variance is due to lower depreciation, net loss from disposition of property and water in lieu of taxes, partially offset by higher operating and maintenance expense. The variance to the prior year is due to higher operating and maintenance expense and depreciation, offset by lower water in lieu of taxes and net loss from disposition of property. Total operating expenses year-to-date are 1.4% lower than budget and 7.8% higher than last year. The year-to-date budget variance is primarily the result of lower operating and maintenance costs, depreciation and net loss from disposition of property.

Non-Operating Income through September is \$5.8 million, which is \$1.7 million above budget as a result of earning higher interest rates than anticipated. Non-operating income through September is \$5.4 million higher than the prior year due to higher interest rates earned, along with a higher dollar amount invested. Non-Operating Expense through September is \$6.3 million, which is \$219,000 less than budgeted due to higher amounts of interest capitalized than anticipated. Year-to-date through September, non-operating expense is \$2.0 million higher than year-ago levels due to the issuance of bonds in the fall of 2022.

Net Income before Distributions and Contributions for September is \$7.3 million, which is \$471,000 higher than budgeted. In comparison between years, net income for September is \$578,000 higher

than prior year. September year-to-date net income of \$44.8 million is \$4.7 million higher than budget and \$4.9 million above prior year.

Communication and Marketing Report Given

Ms. Dearing Smith reported the launch of “Made with Pure Tap” series reached nearly 10,000 people on social media and Mayor Greenberg’s public remarks about the value of water to economic development groups resulted in an article with Louisville *Business First*.

For September, Louisville Water had 26 mentions in the media, reaching 6.1 million people. The overall sentiment was 50 percent positive and 46 percent neutral.

The annual Louisville Pure Tap® 5K also brought positive media attention. Due to construction at Louisville Water Tower, this year’s race was at Shawnee Park. This partnership with the Louisville Sports Commission features Louisville Water as the title sponsor.

Louisville Water’s school and community education team delivered 51 programs in September, reaching 5,100 people. Two universities, Bellarmine and Spalding, have partnered with Louisville Water where nursing students learn Louisville Water’s handwashing curriculum and then delivers the programing in schools. Staff also participated in a first-time homeowner’s program where people learned about identifying the water shut-off valve, how to look for water leaks and how to use the Pure ConnectSM bill portal. Louisville Water was also part of family events at Botanical Gardens, health fairs with local businesses and Brightside environmental clubs.

The largest outreach effort to highlight and serve Louisville Pure Tap® in September was at the multi-weekend concert series with Danny Wimmer Productions. Louisville Water provided the hydration stations for the festival and guests could bring in an empty, reusable bottle to the concert and enjoy free Pure Tap.

Louisville’s Economic Development team used the Bourbon and Beyond concert event as an opportunity to show site selectors the city. Louisville Water was part of this effort with a presentation and a water tasting at the Slugger Museum.

Kentucky Rural Water Association is an important partner for our regionalization efforts, and we annually host a one-day class on public relations and government affairs. This year, 35 water professionals from across Kentucky attended the class at our downtown office.

Customer Service and Distribution Operations Report Given

Dave Vogel advised that staff is training Call Center representatives on the new phone system which will go live by year-end with phase one. Customer Service made up some ground in the staffing area for the month, and we are still recruiting one Supervisor and two CSR vacancies.

Capital work has progressed in September as we continue to execute point capital and engineering capital work. New service installation work continued with one Louisville Water crew and two contractor crews. Other work included fire hydrant replacements, fire service renewals, valve replacements, and fire hydrant renovations. We continue to train a recent new hire group. In addition to the capital activity, extra focus has been placed on evaluating and reducing backlog levels. Distribution Operations is also getting ready for the coming winter months.

The number of disconnections for non-payment continued to rise in September with 1,868 versus 1,595 last year and 1,216 for the five-year average. Year to date, disconnections are running significantly higher than past periods as we approach pre-COVID operational levels. Estimations

were down significantly for the month, driven by AMI, and came in at 0.73%. Estimations for the year are running at 1.15% and are also significantly down from past periods. AMI employee training and transition efforts are planned to resume in October as the need for manual meter reading continues to decline. As of the end of September, 219,237 AMI endpoints have been installed and 143,686 Jefferson County customers have been converted to monthly billing.

Engineering and Production Operations Report Given

Mr. Kraus advised the 2023 capital program expenditures through September totaled \$71,900,162 which is \$4,262,495 or 6.3% higher than the same period last year. These expenditures equate to 59.04% of the 2023 total capital program of \$121,781,334.

All water quality goals for September 2023 were achieved. Six chemical spills were reported upstream of the Zorn intake; none impacted water treatment. An MIB odor event in the river prompted enhanced monitoring and impacted treatment for 25 days. The highest MIB level detected in finished drinking water was 7.0 ppt on September 15. The MIB event resulted in eight customer complaints. The highest atrazine level detected in finished water was 0.460 ppb on June 24 (goal < 0.80 ppb). All treatment goals continue to be achieved. Eleven water-quality customer complaints were received in September (the five-year average is six complaints).

Mr. Kraus introduced Jordan Basham who provided a summary of recent grant funding obtained which totals \$52.6 million.

Human Resources and Labor Relation Report Given

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).

- One active grievance filed by the Union.
- Union and Company leadership conducted their monthly Labor Management meeting to review various on-going and future joint initiatives and status updates.
- Company and Union leadership participated in the second annual off-site labor management retreat at General Butler State Park, on October 10 and 11.
- The Company posted two regular full-time and three temporary full-time classified union positions.

Louisville Water's third-party compensation expert Mercer Inc. presented preliminary findings of their compensation survey/analysis for 2024 to the BOWW's Compensation & Benefits Committee.

Louisville Water's Employee Activities Committee (EAC) coordinated "Employee Appreciation Week," October 9-13, which included games, prizes, food trucks and an employee family picnic.

Diversity Director, Cathy Scrivner, hosted a management diversity update luncheon.

All employees' Achieving Sustainable Inclusion training sessions were completed the week of September 25.

Information Technology Report Given

Jeff Knott advised that Louisville Water is undergoing various audit tests to evaluate security based controls and security awareness.

Staff is working with Arcadis to develop a digital strategy for the future of Louisville Water in alignment and support of the Louisville Water Strategic Business Plan. Phases 1 and 2a are now complete with Phase 2b starting in October and is anticipated to be completed during the first half of 2024.

The Human Resources team has scored the six proposals submitted by potential systems integrators and will make a decision in the next month as to which vendor will be used for the HRMS implementation.

Migration to the cloud environment is underway and testing is ongoing. The tentative timeline for completion of this migration is the end of January 2024 due to several other items that need to be in production before go-live. This delay will not affect any of the cost savings planned for next year.

There being no further business, the meeting was adjourned at 12:22 p.m.

Respectfully submitted,



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