



KENNEBUNK, KENNEBUNKPORT & WELLS WATER DISTRICT 2014 REPORT

The Kennebunk, Kennebunkport and Wells Water District is a quasi-municipal public water utility that was established in 1921 by an act of the Maine State Legislature. The District serves an area that encompasses the Towns of Kennebunk, Kennebunkport, Wells, Ogunquit, Arundel and small portions of Biddeford and York. The area includes a population which varies seasonally from about 30,000 to over 100,000. It is directed by a four-member Board of Trustees, one each elected from the Towns of Kennebunk, Kennebunkport, Wells and Ogunquit.

From a financial perspective, 2014 represented an average but healthy year for the District. Compared with the prior year, 2014 saw a 2% decrease in water production, a \$216,000 increase in revenues and a \$50,000 increase in operating costs (which do not reflect depreciation, regulatory fees and debt service). All of this contributed to a projected net income for 2014 of approximately \$357,000, as compared to a net income of \$204,000 in 2013. Such net income fluctuations from year to year are normal, as certain periodic maintenance items, such as water storage tank painting, are charged off in the year they occur.

The somewhat sluggish economy of the past six years has, at least on a local level, maintained an inconsistent but reasonable growth rate, with the District experiencing slightly below average growth (138 new customers, as compared to 195 in 2013 and 190 in 2012), resulting in a customer growth rate of about 1%. This compares to the typical 1.5% to 2% annual growth rate experienced prior to the recession of 2009. The District's total number of metered customers now stands at 13,352.

Precipitation during 2014, as measured at our Branch Brook Filtration Plant, was only slightly less than the 10-year average (54.3" vs. 57.5"). This average precipitation, coupled with this winter's snowy weather should help maintain healthy water levels in local aquifers for the upcoming summer. This year's seasonable weather, combined with a relatively stable local economy, resulted in a total annual water production of 1.053 billion gallons (the third highest in District history), as compared to 1.073 billion gallons produced during 2013 (the second driest year of the past decade) and 1.026 billion gallons in 2012. The District's recently-developed groundwater sources were once again instrumental in helping the District meet customer water demands without the need for purchasing additional water from neighboring utilities. These groundwater sources produced 324 million gallons (31%) of all of the District's water production for 2014.

As previously reported, the District has developed an additional high-quality groundwater supply in the Alewife area of Kennebunk. During 2014, the new Kennebunk River Well produced 40 million gallons of groundwater. In late 2014 the final phase of this new source was placed into service. The Herman and Sallie E. Cohen Water Treatment Facility is now treating all water from the Kennebunk River Well in order to assure a consistent high quality drinking water that is compatible with the District's other sources. To this end, the facility adds chlorine for disinfection (Federally mandated), a food grade polyphosphate for corrosion control (Federally mandated) and fluoride (as voted by the public in 2002). As usual, this facility was designed and built primarily by District staff, assuring an efficient, low cost design and quality workmanship.

This was the fourth year in a row that the District has been successful in being awarded a low-interest SRF (State Revolving Loan Fund) financing package. Since 2008, through SRF financing, the District has installed \$6.3 million of infrastructure to date at a

total bonded cost of \$5.8 million, at an average bond interest rate of only 0.91%.

With all of the recent discussion relating to the poor condition of America's infrastructure, the District is pleased to report that for the past 30-plus years, it has averaged replacing nearly 0.9% of its distribution system per year. This falls squarely within the desired water industry goal of 1% per year, based upon an expected 100-year usable life for water mains. Very few other water utilities have maintained such an aggressive (yet appropriate) replacement schedule. The District has accomplished this task while keeping its water rates below the average of those of all other water utilities in Maine.

The following is a partial list of distribution projects funded and installed by the District during 2014. These projects typically relate to our goal of coordination with State and Town roadway projects, optimizing water quality, enhancing fire suppression capabilities and improving system reliability by replacing outdated and substandard facilities with an eye toward accommodating anticipated growth.

- Maine and Union Streets, Kennebunkport: Replaced 1000 feet of 12-inch and old 6-inch cast iron main with 12-inch ductile iron (DI) and 8-inch polyethylene (PE) main. (In conjunction with a Town of Kennebunkport drainage project.)
- Boothby Road, Kennebunk: Replaced 1,850 feet of old 6-inch cast iron main with 12-inch PVC main. (In conjunction with a Town of Kennebunk road rebuilding project and for system reliability.)
- Parsons Beach Road, Kennebunk: Replaced 2,600 feet of old 2-inch galvanized steel seasonal main with 3-inch PE main. (For water pressure and system reliability.).

- Route 1, Ogunquit: Replaced 1,700 feet of old 10-inch cast iron main with 20-inch DI main. (In conjunction with a Maine DOT drainage and road reconstruction project).

In addition to the above projects, individuals and developers funded several water main extensions totaling 2,000 feet in length.

Drinking water quality remains a top priority. We are pleased to report that in addition to making significant water quality improvements with our unique blending of groundwater and surface water, all State and Federal water quality standards were met during 2014. By maintaining a dedicated, well-trained staff and continually upgrading our process equipment and control systems, we continually assure the highest degree of reliability in the quality of drinking water for our customers.

District customers and all other interested parties are welcome to contact us at our business office at 92 Main Street in Kennebunk or visit our website at www.kkw.org. Electronic bill notifications, reminders, as well as online payment options are all available and tailored to suit our customers' needs. Current and past issues of the District's popular semi-annual newsletter *What's on Tap* are also on our website. As always, we welcome your input, as the District's mission is *to provide the best quality of water and customer service at the lowest reasonable cost*.

The Trustees of the District appreciate the continuing effort and dedication of their employees, as well as the support and cooperation of their customers, area contractors and State and local municipal officials.

Respectfully submitted,

Thomas P. Oliver, President	
Robert A. Emmons, Vice President	Normand R. Labbe, Superintendent
Richard H. Littlefield, Trustee	Scott J. Minor, Asst. Superintendent
James E. Burrows, Trustee	Wayne A. Brockway, MBA Treasurer

