The Portland Water District Board of Trustees approved a 2020 operating budget of $47.5 million (an increase of $1.9 million or 4.3% over 2019) and a $28.1 million capital improvement plan.

The proposed budget assumes a 3.5% rate adjustment effective May 1, 2020. The increase is consistent with the Board’s intent to adopt small water rate adjustments annually. For a typical customer, the impact is $8.64 a year or $0.72 a month. Of the 3.5% water rate adjustment, 2.5% will be used for general operation and 1% will be dedicated to fund the capital reserve account that will support a $2 million debt service to pay for main renewal replacements.

Assessments to wastewater communities meet or are lower than municipal expectations, except in Cumberland in part due to additional requested services.

<table>
<thead>
<tr>
<th>MUNICIPALITY</th>
<th>ASSESSMENT INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumberland</td>
<td>6.6% $59,928</td>
</tr>
<tr>
<td>Cape Elizabeth</td>
<td>8.4% $132,468</td>
</tr>
<tr>
<td>Gorham</td>
<td>2.4% $27,240</td>
</tr>
<tr>
<td>Portland</td>
<td>2.0% $247,260</td>
</tr>
<tr>
<td>Westbrook</td>
<td>11.1% $280,968</td>
</tr>
<tr>
<td>Windham</td>
<td>6.1% $22,236</td>
</tr>
<tr>
<td>Falmouth</td>
<td>0% $0</td>
</tr>
</tbody>
</table>

More budget detail can be found on the following pages and in the full 2020 Comprehensive Budget Report which is located on SharePoint and our web site. In general, the budget delivers on five broad principles established by the Board:

- Operating fund expenses increase less than 4.4%,
- Wastewater assessments meet municipal expectations, except for Cumberland,
- Water rates are affordable and sufficient to meet needs,
- Full-time positions are optimized to meet workload, and
- Investment in our infrastructure continues as planned.

The 2020 capital budget includes $11.3 million for an upgrade to the aeration and secondary clarifiers.

NEW INITIATIVES
- Investment of $7 million in water main renewal; including $2.0 million through the capital reserve fund.
- Implementing a new Asset Management, Billing and Customer Relations computer system with scheduled Go Live date of October 2020.
- Upgrades to Portland’s East End and Westbrook Regional Wastewater Treatment Plants ($13.8 million).

CHALLENGES AND ISSUES
- Aging infrastructure that requires asset replacement.
- Recruiting and retaining new employees and training existing ones to continue to acquire needed workforce skills.
- Nutrient optimization approach to manage nitrogen at wastewater facilities and working with our communities to manage wet weather flows.
- Decreasing residential water use trends.

HIGHLIGHTS
- $47.5 million operating budget, an increase of $1.69 million or 4.3%.
- $28.1 million capital budget provides $9.5 million for water systems - $7.0 million of that targeted to replace aging water mains - $17.2 million in wastewater system upgrades, $11.3 million of that for an upgrade of the Westbrook treatment plant.
- 186 full time positions.

On behalf of the Board, I express a sincere thanks to all our staff who have helped create the fiscally sound, customer respected organization that we are.
The budget has two major components:

- **Operating budget** - costs to operate the District, paid by ratepayers via water rates and via municipal wastewater assessments.
- **Capital budget** - costs to pay for investments in assets, paid by issuing bonds, water depreciation and wastewater renewal and replacement contributions.

The operating budget consists of three major expense categories – salaries/benefits (37%), debt and renewal/replacement costs (34%) and all other materials and services (29%). Salaries/benefits reflects an annual wage adjustment of 3.0% and four new positions.

### Capital Budget

- **$28.1 million**

### Operating Budget

- **$47,489,733**
  - Water: $25,686,370
  - Wastewater: $20,218,572
  - Contract Billing: $212,460

### Capital Budget Allocation

- Water Distribution System: 87%
- Treatment Facilities: 81%
- Collection/Interception Systems: 19%
- Debt Service: 22.3%
- Salaries/Wages: 26.1%
- Other: 19.5%
- Renew and Replace: 11.6%
- Contracted Services: 9.5%
- Employee Benefits: 11.7%

### December 2019

**2020 Budget Summary**

C. Elizabeth    Cumberland  Falmouth   Gorham   Portland    Westbrook      Windham

$1,705,380    $965,292
$314,112   $1,160,676    $12,863,340   $2,820,768      $389,004

Operating Expenses
Expense Summary
Gross Expense By Department, 2020

Percent increase/decrease is compared to the 2019 budget.

<table>
<thead>
<tr>
<th></th>
<th>Water</th>
<th>Wastewater</th>
<th>Environmental</th>
<th>Engineering</th>
<th>Administrative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>5.7%</td>
<td>2.3%</td>
<td>1.3%</td>
<td>1.5%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Fuel, Electricity</td>
<td>7.8%</td>
<td>9.2%</td>
<td>5.9%</td>
<td>2.3%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemicals</td>
<td>-3.1%</td>
<td>14.8%</td>
<td>6.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biosolids</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.8%</td>
</tr>
<tr>
<td>Materials, Supplies,</td>
<td>2.7%</td>
<td>10.0%</td>
<td>7.1%</td>
<td>-13%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>4.7%</td>
<td>6.1%</td>
<td>2.7%</td>
<td>-2.2%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

Water: Two new positions, higher electricity rate, lower caustic soda price.

Wastewater: Higher electricity rate, additional polymer use and rate, and safety equipment.

Environmental: Higher electricity rate, upper watershed outreach, required wastewater testing.

Administration: Two new positions, lower cell phone cost.
### Mission Statement

The District’s mission is to protect public health, safety, and the environment by providing our customers with first-class water, wastewater and related services. In order to fulfill the mission, six strategic goals and benchmarks have been established.

Below is a summary of the budget goals and initiatives for 2020. For a more in-depth look at the goals and the entire budget, visit the PWD intranet or www.pwd.org/publications.