AGENDA
PORTLAND WATER DISTRICT
225 Douglass Street, Portland, Maine
Jeff P. Nixon Training Center
6:00 p.m., Monday, January 28, 2019

1. **Convene Meeting** with Pledge of Allegiance and moment of silence. President Lunt

2. **Roll Call** Clerk

3. **Acceptance of Minutes** of the Regular Meeting of December 17, 2018, and the Workshop Meeting of January 14, 2019. President Lunt

4. **Invitation for Public Comment** President Lunt

5. **Reports:**
   - Operations Committee Reports Trustee Siviski
   - Planning Committee Reports Trustee Levinsky
   - Administration & Finance Committee Reports Trustee Willey
   - General Manager’s Report General Manager

6. **New Business**
   - **Order 19-001** authorizing the Treasurer to begin the process of increasing water rates an average of 4.4% effective May 1, 2019. Administration and Finance Committee
   - **Order 19-002** approving the amendments to the District’s Purchasing Policy. Administration and Finance Committee
   - **Order 19-003** approving the amendment to Order 17-035 Project ABC. Administration and Finance Committee
   - **Resolution 19-001** approving the amendments to the District’s Rules and Regulations for the Use of the Wastewater System. Operations Committee
   - **Order 19-004** authorizing the General Manager to execute a deed to Silver Street Development Corp. Planning Committee
   - **Resolution 19-002** appointing a representative to the Southern Maine Regional Water Council Board of Directors. President Lunt
   - **Resolution 19-003** authorizing the General Manager to take positions and testify on bills during the legislative session. President Lunt

7. **Executive Session.** Pursuant to 1 M.R.S. §405(6)(A) personnel, the Board will go into Executive Session to finalize the General Manager’s annual performance review. President Lunt

8. **Other Business.** An item may be added to this agenda provided seven trustees vote to waive the rule regarding agendas. President Lunt

9. **Second Invitation for Public Comment.** President Lunt

Over
10. **Trustee Comments.**

11. **Adjournment.**

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Donna M. Katsiaficas
Clerk
Portland Water District

Board of Trustees Regular Meeting

January 28, 2019

New Business

Agenda Items 6A-6G
BOARD OF TRUSTEES / AGENDA ITEM SUMMARY

Agenda Item: 6A Order 19-001
Date of Meeting: January 28, 2019
Subject: Water Rates Adjustment
Presented By: David Kane, Executive Director of Administration

RECOMMENDATION
The following proposed language is presented for Board of Trustee approval:

ORDERED, pursuant to Board of Trustees Policy, the Treasurer shall prepare the supporting documents for a water rate increase of approximately 4.4% with new rates to be effective May 1, 2019; and

ORDERED, the District will allocate 1% of the proposed increase to the capital reserve fund to finance the installation of water mains included in the System Infrastructure Assessment report.

BACKGROUND ANALYSIS
The Board of Trustees approved the 2019 budget assuming an average water rate increase of 4.4% with a target effective date of May 1, 2019. Additional information is being provided to assist the Board in deciding whether and how much of a rate adjustment is needed and should be proposed at the public hearing in March and included in the customer notice about the public hearing. Significant decisions to be made by the Board are listed below.

Revenue Requirement – How much do we need to operate?
The 2019 net expenditure operating budget is $24.8 million as approved by the Board. Due to the expected significant increase in debt service related primarily to mains renewal projects and 407 pressure zone improvements, the operating budget is expected to grow to $30.0 million by 2023. Consistent with the Board policy of gradual annual rate adjustments, staff proposes an increase of 4.4% in 2019.
Reserves – How much do we want to include for operating fund reserves?
The 2019 water budget assumed a 4.4% rate adjustment would generate $24.8 million in revenues resulting in an operating net income of $2,431. Approximately $127,000 of the net income would be dedicated to capital reserve with the net balance coming from the operating contingency fund.

<table>
<thead>
<tr>
<th></th>
<th>12/31/2018</th>
<th>12/31/2019</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>$7.0</td>
<td>$ 6.9M</td>
<td>$ 6.4M</td>
</tr>
<tr>
<td>Watershed Land Protection</td>
<td>$1.9</td>
<td>$ 1.9M</td>
<td>$ 3.5M</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>$0.6</td>
<td>$ 0.7M</td>
<td>None</td>
</tr>
</tbody>
</table>

Water Consumption – How much do we assume customers will use?
The budget assumed consumption of 8.4 million hundred cubic feet (HCF). Actual consumption for the years between 2014 and 2018 ranged from 8.4 million HCF to 8.8 million HCF with 2018 having 8.5 million HCF. Staff recommends using the consumption at the lower end of the recent actual consumption range (i.e. 8.4 million HCF).

Rate Design – How should the rate adjustment be allocated?
The last cost of service study indicated that industrial/commercial customers generate less revenue than the costs to serve them. The Board requested that the gap be closed over future rate adjustments by increasing rates at higher increments for industrial/commercial customers. The proposed rate schedule will continue to have larger commercial customers’ rates increase 150% of the small residential customers’ rates increase.

Regulatory Process – What regulatory process will be used?
The water rate adjustment no longer needs Maine Public Utilities Commission approval in addition to the Board of Trustees approval. Per Board policy, information will be available for public review in February and a public hearing on the proposed rate adjustment will be held in March.

The proposed schedule to implement the rate adjustment is as follows:

November 26, 2018  Board approved 2019 Budget.

January 14, 2019  Administration and Finance Committee reviews and makes final recommendation to be sent to customers. Finance staff will provide up-to-date financial information and revenue projections.

January 28, 2019  Board considers approving Administration and Finance Committee’s recommendation.

February 11, 2019  Supporting documentation for rate adjustment is available to the Public.

February 25, 2019  Publish notice of rate adjustment and provide notice to all customers. Notice is mailed to all customers and includes an invitation to attend the public hearing.

March 11, 2019  Special public hearing on proposed rate adjustment. General Manager and Treasurer provide information supporting the rate adjustment. Public has an opportunity to ask questions and provide feedback to the Board as they consider the proposed rate schedule.
March 25, 2019  Board business meeting – Approve final rate schedule. The final rate schedule incorporates changes based on the public hearing and Board’s feedback.

April 27, 2019  File final rate schedule based on public hearing and Board review. Rate schedule is distributed to Maine Public Utilities Commission for informational purposes only.

May 1, 2019  Rate adjustment effective date.

**Water Rate Adjustment Impact**
The customer impact of a 4.4% increase is listed in the table below.

<table>
<thead>
<tr>
<th>Typical Customer Increases</th>
<th>Current</th>
<th>Proposed 4.4%</th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential (per month)</td>
<td>$23.50</td>
<td>$24.39</td>
<td>$0.89</td>
<td>3.79%</td>
</tr>
<tr>
<td>Commercial (per month)</td>
<td>180.23</td>
<td>188.75</td>
<td>8.52</td>
<td>4.73%</td>
</tr>
<tr>
<td>Small Industrial (per month)</td>
<td>1,757.17</td>
<td>1,857.46</td>
<td>$100.29</td>
<td>5.71%</td>
</tr>
<tr>
<td>Large Industrial (per month)</td>
<td>56,718.32</td>
<td>60,115.10</td>
<td>3,396.78</td>
<td>5.99%</td>
</tr>
<tr>
<td>Sprinkler (per year)</td>
<td>428.52</td>
<td>447.2</td>
<td>$18.68</td>
<td>4%</td>
</tr>
<tr>
<td>Public Fire (per year)</td>
<td>1,400.604</td>
<td>1,461.662</td>
<td>61,048</td>
<td>4.36%</td>
</tr>
<tr>
<td>Seasonal (per year)</td>
<td>225.03</td>
<td>234.84</td>
<td>$9.81</td>
<td>4.36%</td>
</tr>
</tbody>
</table>

**LEGAL REVIEW**
Corporate Counsel reviewed the proposed motion and approved it as to form.

**CONCLUSION(S)**
Staff recommends forwarding the motion supporting a 4.4% rate adjustment. The Committee voted unanimously to forward the proposed motion to the full Board for its consideration.

**ATTACHMENT(S)**
Attachment A – Financial Results through November 2018
Attachment B – Unaudited Water Revenue Results through December 2018
The 2019 budget projected a surplus of $1.0 million. Through November, the results improved to $1.3 million. December water sales were below budget and the usual year-end expense close out process the full year results are expected to be closer to $1.0 million.
Unaudited 2018 Water Revenue Results through December 2018

Attachment B
BOARD OF TRUSTEES / AGENDA ITEM SUMMARY

Agenda Item: 6B Order 19-002
Date of Meeting: January 28, 2019
Subject: Purchasing Policy
Presented By: David Kane, Executive Director of Administration

RECOMMENDATION
The following proposed language is presented for Board of Trustee approval:

ORDERED, that the purchasing policy attached hereto is hereby approved and replaces the existing policy enacted by the Board in 2008 and amended August 23, 2010.

BACKGROUND ANALYSIS
Three amendments to the purchasing policy are recommended. The changes are listed below:

- Increasing the lowest purchasing level requiring pricing comparison/bidding to $2,500 from $1,000. The $1,000 level was established when the policy was adopted in 1998. One of the employee suggestions to the new General Manager was to consider increasing the level. The purchasing agent reviewed what other entities have for levels and recommended an increase to $2,500.

- Incorporating the federal requirements on projects funded by federal money, including a written conflict of interest policy. To standardize the requirements of federal funds, the requirements were incorporated into single ‘uniform administrative requirements, cost principals, and audit requirements’ for federal awards (2 CFR Part 200).

The most significant change is the formal adoption of a conflict of interest policy. The policy states the no employee, officer or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he/she has a real or apparent conflict of interest.

Additionally, staff will need to develop written policies and procedures required for the following items for the procurement of services and products financed by federal funds:

- Purchases are grouped into 5 Threshold Types
- Awarded to lowest responsive responsible bidder
- Necessity required
Clear specifications
Contractor’s obligation of compliance
The District must maintain oversite of contractor’s compliance
Documentation of history of procurement process
Local or other geographic preferences are prohibited [2 CFR § 200.319(b)]
Goal for maximizing small and minority businesses and women business enterprises
Cost estimate prior to soliciting bids
No contract shall be awarded to a contractor on the federally debarred bidder’s list.
Solicitations prepared in a way to be fair and provide open competition

- Clarifying that bids received electronically can be accepted as valid bids. The current policy states bids are to be received in sealed envelope. On occasion, the District uses an online purchases website that accept bids electronically.

LEGAL REVIEW
Corporate Counsel reviewed the proposed motion and approved it as to form.

CONCLUSION(S)
The Committee voted unanimously to forward the proposed motion to the full Board for its consideration.

ATTACHMENT(S)
A. Red-line version of the Purchasing Policy.
Policy Number: X.XX-2010

Subject: Purchasing

Effective:07-26-201001-01-2019

Supersedes: 6-04, X-2010

Approved by: BOT

Purpose:
The purpose of the Purchasing Policy is to establish a uniform purchasing procedure in order to:

- Achieve maximum value for dollars spent for the District’s ratepayers
- Provide vendors with a fair and equitable purchasing process
- Give District employees a standardized purchasing process to follow

Scope:
This policy includes all purchasing and purchase commitments for the District.

Responsibility:
The Director of Financial Services will have the responsibility to interpret this policy.

Policy:

General Rules of Purchasing
- All purchases must have a Requestor and an Approver. Even if the Requestor has the authority to purchase the goods and/or services, the Approver of the transaction should be that person’s supervisor.

- Vendors should be selected for best value not solely on the basis of price. This best value would consider the quality of merchandise, suitability of merchandise, timely delivery and service reputation of the vendor.

- Contracts shall be obtained for purchases involving any of the following: the outsourcing of work; situations where vendors are doing work on District property or situations where work is being performed pursuant to a permit obtained by the District, except as provided in Section IV. All Contracts must be signed by the General Manager, Treasurer, or designated employee.

- Purchasing activities should be conducted by, or coordinated by, the District’s Purchasing Agent and not by individual employees.
- The ongoing purchases of regularly used goods and/or services should, whenever practicable, be purchased using either an Open Purchase Order or Purchasing Agreement.

- The District reserves the right not to contract with businesses or individuals who are delinquent in their financial obligations to the District. Bidders who are delinquent in their financial obligations to the District must do one of the following: bring the obligation current, negotiate a payment plan with the District, or agree to an offset which shall be established by the contract which shall be issued to the successful bidder. In the event that the debt obligation is subject to a proceeding before the Public Utilities Commission, the District reserves the right to reject a bidder’s proposal while the proceeding is pending and remains unresolved.
Purchasing Policy Outline

I – Definitions

II – O&M Purchases

A. Overview of O&M Purchases

B. Expense Commitment - Pricing Documentation
   - Less than $21,500
   - $21,500 to $50,000
   - Greater than $50,000

C. Operating Expense – Expense Commitment Authorization Levels

D. Purchase Authorization/Authorization of Payment

   1. O&M – One Time Purchases up to $2,51,000
      a. Credit Cards
      b. Check Request Forms
      c. Small Purchase Orders

   2. O&M – One Time Purchases greater than $2,51,000 a. Purchase Orders

   3. O&M – Recurring Purchases
      a. Open Purchase Orders
      b. Purchasing Agreements

III – Capital Purchases

A. Overview of Capital Purchases

B. Non-Emergency Capital Purchases
   1. Construction Contracts
   2. Non-Contractual Capital Purchases

C. Emergency Capital Purchases
IV. Other Purchasing Issues

A. Petty Cash
B. Overnight Travel
C. Outsourced Work/Vendors on District Property
D. Engineering Services Procurement
E. Bond Requirements
F. Disposal of Surplus Personal Property
   F.G. Purchases Financed Using Direct or Indirect Federal Funds

V. Exceptions to Policy

A. Single Sourcing
B. Emergency Purchases
C. Check Requests over $2,51,000
D. Computer Hardware and Software Purchases
   E. Utility Invoicing

VI. Conflict of Interest

VII. Compliance with Policy
4

4
I - Definitions

** Approver ** – The District official(s) that has the authority to approve a given purchase’s Expense Commitment.

** Capital Improvement Plan (CIP) ** – Annual Capital Budget approved by the Board of Trustees.

** Competitive Pricing ** – Obtaining three or more prices for the purchase of goods and/or services without a Formal Bidding process.

** Confirming Purchase Order ** – This is a Purchase Order created after the goods and/or services have been purchased. A Confirming Purchase Order should only be used to approve Emergency purchases and must be approved by either the supervising SMT member, General Manager or designated employee.

** Contract ** – A written agreement outlining the purchase of goods and/or services between the District and a vendor.

** Emergency Work ** - When the need is immediate, purchases made to maintain or restore service to customers, to ensure the safety of customers and employees and to prevent the disruption of the normal District work flow.

** Engineering Services ** - Technical services provided by a consultant or consulting firm typically related, but not limited, to: Mechanical, Electrical, Architectural, Structural, Environmental, Construction Inspection, Surveying, Geotechnical, CADD-GIS, and General Engineering.

** Expense Commitment ** – The estimated lifetime cost of the purchase of goods and/or services.

** Formal Bidding ** – A written quotation obtained in a sealed envelope or submitted electronically through a secure online bidding platform from an approved vendor or through advertisement and opened at a specific day, place and time. Must be used for purchases over $50,000 unless an RFP is done.
I - Definitions (cont.)

Open Purchase Order – This Purchase Order outlines the terms and conditions for the purchases of specific goods and/or services for a specific timeframe for a specific price.

Operating Budget – Annual Operating Budget approved by the Board of Trustees.

Purchase Agreement – A written agreement to obtain specific goods and/or services for a specific timeframe for a specific price. It is used in situations where goods and/or services are going to be purchased on a “as needed” rather than regular basis.

Recurring Purchase – a purchase where goods and/or services are going to be deliver/Performed by a specific vendor over a set timeframe for a particular price.

Request for Proposal (RFP) – A written request for bidders that outlines at least the following: performance specifications, minimum qualifications and the selection criteria to be used in evaluating proposals. RFP’s are generally used for professional services, such as engineering, legal or consultant work.

Requester – The District employee that requests a purchase.

Requisition – Written request for goods and/or services that should document the: description of the goods and/or services to be purchased, purpose of the expenditure, Competitive Pricing, Formal Bidding or RFP results, organization code, account number and project number to be charged and documentation of the requesting and the authorizing persons.

Single Sourcing – Purchases with an Expense Commitment of greater than $2,514,000 where the required goods and/or services are obtained from a vendor outside the outlined pricing procedures.

Total Estimated Engineering Cost - sum of projected cost of engineering services per project including all phases.

Vendor – Outside entity providing goods and/or services.
II - O&M Purchases

A. Overview of O&M Purchases

- Purchases/Expense Commitments between $2,51,000 and $50,000 require Competitive Pricing.
- Purchases/Expense Commitments over $50,000 require Formal Bidding or an RFP process.
- A Requisition must be completed prior to any purchase or Expense Commitment for all recurring purchases and for any purchase/expense commitment over $2,51,000.

B. Expense Commitment - Pricing Documentation

The first step in an O&M purchase is to determine the Expense Commitment being made. If the transaction will result in multiple purchases then the total lifetime cost of the transaction must be estimated.

<table>
<thead>
<tr>
<th>Expense Commitment</th>
<th>Requisition</th>
<th>Pricing</th>
<th>Bidding/RFP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $2,51,000</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>$2,51,000 to $50,000</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>More than $50,000</td>
<td>Yes</td>
<td>n/a</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Less than $2,51,000

As noted above, purchases under $1,000 to $2,51,000 do not require price comparisons to be made. However, the employee making a purchase of less than $2,51,000 has the responsibility to obtain a purchase at the best value for the District.

Purchases of $2,51,000 to $50,000

This level of purchase requires the completion of a Requisition and that the employee obtains Competitive Pricing. The completed Requisition, which includes Competitive Pricing documentation, needs to be approved by the Requestor's supervisor (assuming they have sufficient approval authority).

Formal Bidding and/or an RFP process can be done for purchases on this level but are not required.
II - O&M Purchases (cont.)

Purchases over $50,000

Purchases of over $50,000 require either Formal Bidding or a Request for Proposal (RFP). Generally, Competitive Bidding is done for goods with fairly standardized specifications and RFP’s are done for services where the needs of the District and the qualifications of the vendor are more detailed. Once complete, the results of the Competitive Bidding or the RFP should be approved by the department’s senior manager (assuming they have sufficient approval authority).

C. Operating Expense – Expense Commitment Authorization Levels

<table>
<thead>
<tr>
<th>Organizational Level</th>
<th>Expense Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union Forepersons</td>
<td>$250</td>
</tr>
<tr>
<td>Non Union Supervisors</td>
<td>$2,51,000</td>
</tr>
<tr>
<td>Division Managers</td>
<td>$5,000</td>
</tr>
<tr>
<td>SMT Executive Directors</td>
<td>$15,000</td>
</tr>
<tr>
<td>General Manager</td>
<td>$ 50,000*</td>
</tr>
<tr>
<td>Board of Trustees</td>
<td>Over $ 50,000</td>
</tr>
</tbody>
</table>

* = The General Manager may exceed this $ 50,000 limit if the expense in question was approved as part of the Operating Budget and is recurring purchase for a regularly needed good or service.

D. Purchase Authorization/Authorization of Payment

1. O&M – One Time Purchases up to $2,51,000

One time purchases of less than $2,51,000 generally shall be documented and payment requested in one of four ways: Credit Card, Check Request form, Small Purchase Order (P.O.), or Large Purchase Order (P.O.). (The Finance Director may authorize other methods when deemed appropriate.)

In the case of Credit Cards and Check Request forms the Requestor’s supervisor does not document approval of the purchase until after the fact. Because of this, purchases of this kind should only be within the approved budget and/or made upon the verbal approval of the Requestor’s supervisor.

The approvals on Small POs should, when possible, be approved prior to purchase.
II - O&M Purchases (cont.)

a. Credit Cards

The District has issued “Purchasing” cards to some employees for the purpose of facilitating the purchases of small dollar items. In general, individual purchases via the Purchasing Cards should be for an amount less than $2,51,000. If a purchase of over $2,51,000 is necessary the employee should (if possible) obtain verbal approval in advance from their supervisor. Credit card purchases of $2,51,000 or greater must comply with the same requirements, e.g. competitive pricing, as non-credit card purchases.

When an employee makes a purchase using their credit card they shall keep all receipts and/or proof of the sales transaction. The monthly account cycle runs from approximately the 20th of the month to the 19th of the following month.

When a cycle has ended employees that used their card in the last month will receive an email from the card issuer informing them that the account cycle has been completed. They shall log on to the card issuer’s website to code each transaction with the appropriate accounting information. The employees shall then print off the updated summary of their account transactions, attach the applicable receipts and proof of sale and give the package to their supervisor for review.

The supervisor will review and approve or disapprove the package. If any of the individual transactions was greater than $2,51,000 then the package must also be reviewed and approved or disapproved by the appropriate SMT member. The package shall then be forwarded to Financial Services for processing within one week of the original email.

b. Check Request Forms

The check request form lists the information (vendor name, date check required, account coding, etc.) needed by the Finance department to pay the vendor. The form must be signed or documented electronically by the Requester and the Approver. After completion, the invoice must be attached and entire package sent to Finance.
II - O&M Purchases (cont.)

c. Small (Field) POs

Small POs have three parts: a vendor copy (white), Finance copy (yellow) and originator copy (pink). The details of the purchase request shall be documented on the form and must be signed by the Requester and the Approver. The white copy may be given to the vendor when the goods and/or services are ordered (or received). Upon the receipt of the goods and/or services the yellow copy shall be sent to Finance; the receipt of the yellow copy tells Finance the invoice is okay to pay. The pink copy shall be retained by the requestor for his/her records.

2. O&M – One Time Purchases greater than $2,511,000

All one time purchases over $2,511,000 must be pre-approved via the completion of a Requisition. The Requisition shall be created by the Requestor and reviewed by their supervisor for approval. The approved Requisition shall be sent to the Purchasing Agent for review. Subsequent to satisfactory review a Purchase Order (P.O.) is created and is distributed to the appropriate parties.
II - O&M Purchases (cont.)

3. O&M – Recurring Purchases:

All recurring O&M purchases must be approved ahead of time via the completion and approval of a Requisition. In the case of outsourced work, a contract signed by the General Manager shall be used in conjunction with a Requisition.

The exception to this are Purchasing Agreements completed by the Purchasing Agent (see that section for details).

a. Open Purchase Orders (P.O.)

As with a Large P.O., the Open P.O is created after the Requisition (and contract) is reviewed by the Purchasing Agent. The distribution requirements of the Open P.O. are the same as a Large P.O.

1. Recurring Services

After services are rendered the Vendor’s invoice will forwarded to an employee that can verify the completion of the service. This employee shall verify the service’s completion by:

- signing the invoice
- noting the Open P.O. number
- writing “Okay to Pay”

The invoice shall then be forwarded to Finance for payment. When the last goods/services under the Open P.O. are received/rendered Finance should be notified so the PO can be marked “final.”

2. Recurring Good Orders

When an order is placed with a vendor for these goods, the employee shall reference the prior approved Open P.O. When the goods arrive the receiving employee shall forward the signed packing/receiving documentation to Finance as proof of receipt.
b. Purchase Agreements

A Purchase Agreement, as defined in this Policy, is similar to an Open P.O.

Purchase Agreements for ongoing inventory purchases created by the Purchasing Agent are reviewed and approved by the Director of Financial Services.

Electronic Purchase Orders (P.O.) are created when items are ordered. This P.O. shall be transmitted to the applicable vendor.

When the item is received, generally at the Stockroom, the packing slip shall be forwarded to Finance who inputs the receipt into the Graphical Purchasing System.
III - Capital Purchases

A. Overview of Capital Purchases

The Capital Improvements Plan (CIP) is approved annually by the Board of Trustees. All Capital purchase requests must be sent to the General Manager. The General Manager will review these requests to ensure that 1) the requested purchase is within the approved CIP and 2) the purchase is to be awarded to the lowest qualified bidder. If these two conditions are not met, the purchase must be sent to the Board of Trustees for approval.

B. Non-Emergency Capital Purchases

This category of Capital purchases can be broken down into two major categories: Construction Contracts and Non-Contractual Capital Purchases.

1. Construction Contracts

Capital construction work, such as the construction, replacement or major renovation of District property, performed by outside vendors requires a Formal Bidding/RFP process. In addition, the scope and terms of the work to be done must be outlined in a written contract. This contract must be approved by corporate counsel and signed/approved by the General Manager.

Distributions to the vendor under the contract must be reviewed and approved by a District employee with the expertise necessary to verify the completion of each phase of the work.

2. Non-Contractual Capital Purchases

These types of capital purchases require Competitive Pricing for purchases up to $50,000 and a Bidding or RFP process must be used for purchases over $50,000. All purchases must be approved in advance via the completion and approval of a Requisition. The Purchasing Agent reviews the Requisition and approves the resulting P.O.
III - Capital Purchases

C. Emergency Capital Purchases

The General Manager has the authority to authorize the Emergency purchase of Capital items in order to ensure the safety of customers and employees and to prevent the disruption of the normal District work flow. The General Manager will inform the Board of Trustees of these purchases at the next regularly scheduled meeting.
IV. Other Purchasing Issues

A. Petty Cash

Petty Cash is meant to reimburse employees for small purchases paid for by the employee that have a legitimate business purpose. Such items include tolls and business meals. Petty Cash is for reimbursements up to $25. To obtain reimbursement the employee must complete a Petty Cash slip, attach their receipts and have the slip approved by their supervisor. Reimbursements of over $25 should be facilitated via the use of a Check Request form.

B. Overnight Travel

The estimated cost of any overnight business travel and the reasons for that trip need to be documented on a Travel/Meeting Request form the requesting employee. The completed form must be approved in advance of the trip by both the employee’s supervisor and by the General Manager.

Any subsequent employee request for reimbursement for expenses personally incurred must be accompanied by any applicable receipts and a copy of the pre-approved Travel/Meeting Request form.

C. Outsourced Work/Vendors on District Property or Vendor Working Under a District Obtained Permit

Contracts must be obtained for purchases involving the outsourcing of work or when vendors are doing work on District property or under a permit obtained by the District. This contract, which must be signed by the General Manager, shall at a minimum outline the following:

- Scope of work to be done
- Timeliness and duration of work
- Cost of the work
- Responsibilities of both the District and the Vendor
- Proof of Insurance

A purchase order that includes both standard terms & conditions and supplemental terms & conditions and signed by the Purchasing Agent with an acknowledgement signature from the vendor affirming compliance with the supplemental terms & conditions can be substituted for the above described contract for services not exceeding $50,000.
D. **Engineering Services Procurement**

Staff shall estimate total engineering costs prior to start of the process.

**For Engineering Services Exceeding $50,000 – Board of Trustees Final Approval**

The Board of Trustees must approve the method by which engineering services will be performed prior to the release of the RFP. Typical methods to be considered shall be as follows:

- **Phased Engineering Method** – (Study, preliminary engineering, design, bidding and construction administration). Phased engineering contracts shall be approved by the BOT – the Board may approve one firm to complete all phases of engineering when it deems it to be in the best interest of the District. They may also require that staff re-bid by way of request for proposals after the study or preliminary engineering phase.

- **Comprehensive Engineering Method** – (All phases-) Board to approve the contract.

- **Design /Build Method** – Board must approve of the method by which the Staff will procure design build team and approve the contract.

**Process when total estimated engineering cost >$50,000**

Staff will Discuss with BOT Sub-Committee the method to structure the Engineering services prior to the release of RFP taking into consideration: Phased, Comprehensive, Design/ Build, or other.

General Manager’s approval is required of the selection method and weighting criteria, fee weight 25% as a minimum, and the Contract type.

BOT must approve method and contract prior to award. If the phased method is used, the BOT must approve each phase prior to proceeding.
For Engineering Services Less Than $50,000 the General Manager is the Final Approver

No Board of Trustee approval necessary as long as the engineering services procurement has been budgeted for in the Operating Budget or Capital Improvement Plan and the contract is awarded to the low bid or staff is utilizing the General Engineering Services contract.

Process when total estimated engineering cost <$50,000

Staff may use the General Engineering Contract or put the work scope out for bid

General Manager must approve the purchase requisition and fixed capital requests (when required) prior to award. All contracts must be approved by the General Manager prior to award.

BOT approval not required when using General Engineering Services contract. However, BOT approval of project contract is required if selected vendor is not low bid (capital) or if costs are in excess of District-wide budget (O&M)

E. Bond Requirements

Purchases or contracts involving public infrastructure that equal or exceed $125,000 must be reviewed by the Corporate Counsel for compliance with State of Maine bonding requirements.
F. Disposal of Surplus Personal Property

The Purchasing Agent shall be consulted on all disposal of personal property determined by the appropriate Senior Manager to be surplus, such disposal to be either:

(1) By competitive bid;

(2) By competitive negotiation including, but not limited to, trading property, e.g. motor vehicles, construction equipment

(3) By public auction; or

(4) By discarding it as he or she determines to be in the best interest of the District, if he or she determines it to be of negligible economic value. This section excludes real estate, scrap, and trash. Refer to the Land Disposition Policy for Real Estate.
G. Purchases Financed Using Direct or Indirect Federal Funds

All federally funded projects, loans, grants, and sub-grants, whether funded in whole or in part by federal funds, are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) codified at 2 C.F.R. Part 200, as may be amended from time to time, unless otherwise directed in writing by the federal agency or State pass-through agency that awarded the funds.

All procurement activities involving the expenditure of federal funds must be conducted in compliance with the Procurement Standards codified in 2 C.F.R. § 200.317 through § 200.326, as may be amended from time to time, unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds. The District shall follow its own procurement requirements when expending federal funds provided that the procurements conform to federal law and the standards identified in the Uniform Guidance; otherwise, the District shall follow federal law and standards.

The Treasurer shall adopt such further written procedures as necessary or required under the Uniform Guidance, including written procedures for the method for conducting technical evaluations of proposals received and for selecting recipients, for implementing payment and reimbursement procedures, and for complying with allowable cost standards.

No bid or proposal involving the expenditure of federal funds shall be evaluated and no contract shall be awarded on the basis of a geographic preference.
V. Exceptions to Policy

A. Single Sourcing

Single sourcing as defined in this Policy shall be used when one particular vendor is the best choice due reasons such as compatibility with existing equipment. All Single Sourcing purchases must be approved by either an SMT member or the General Manager.

B. Emergency Purchases

Emergency purchases as defined in this Policy shall only include immediate work done to maintain or restore service; it does not include scheduled follow up work done at the same work site after the emergency as ended. A Confirming Purchase Order should be used to document approval of purchase.

C. Check Requests over $2,51,000

There will be situations when the Requisition/P.O. procedure for items over $2,51,000 is not practical and where the completion of a check request form is appropriate. Such exceptions can be granted however; an SMT member or the General Manager must be the Approver of the purchase.

D. Computer Hardware/Software Purchases

Purchases of computer hardware and software must be submitted to the Technology Steering committee. The committee approves the periodic purchases of these items.

E. Utility Invoicing

Invoices from utilities, e.g. CMP, Fairpoint, Verizon, may be paid unencumbered through the Accounts Payable Template system. This expedites the payment process for known recurring expenses and reduces the probability of missed or duplicate payments.
VI Conflict of Interest

As a governmental agency, the District must be vigilant in its protection of the public trust including having District’s trustee, officers, employees and agent conduct themselves in a manner which foster public confidence in the integrity of the District’s procurement system. The following establishes standards of conduct to foster such behavior.

A. Conflict of interest.
No District trustee, officer, employee or agent shall participate in the selection, award, or administration of a contract or purchase order if a conflict of interest would be involved. A real or apparent conflict exists when any of the following parties has a financial or other interest in, or receives a tangible personal benefit from, a firm considered for award of a contract:

a) A District trustee, officer, employee or agent;
b) Any member of his/her immediate family;
c) His/Her business associates; or
d) An organization which employs or is about to employ any of these parties.

B. Gifts and Gratuities
No Trustee, appointed staff or employee shall accept any valuable gift, whether in the form of service, loan, thing or promise, from any person or entity which, to the knowledge of such person, is interested directly or indirectly in any manner whatsoever in present or potential business dealings with the District;

Nor shall any Trustee, appointed staff or employee:
a) accept any gift, favor or thing of value that may give the appearance of attempting to influence him or her in the discharge of the official duties;
b) provide in the discharge of his or her official duties, any improper favor, service or thing or value.

This prohibition against gifts or favors shall not apply to:
a) an occasional non-pecuniary gift, insignificant in value, or
b) an award publicly presented in recognition of public service, or
c) any gift which would have been offered or given to an official or employee regardless of employment with the District.
VII. Compliance to Policy
District employees are expected to comply with the policy. Non-compliance may result in disciplinary action, including possible termination, and/or legal action.
**Purchasing Policy**

**Bulletin #1 - Charitable Contributions:**

All requests for charitable contributions must be requested in writing and must be approved in advance by the General Manager or Treasurer. The focus of contributions should be on water quality or other areas that support the District’s corporate goals. In addition, any contribution has to be within any department’s previously approved annual budget.

Charitable contributions include:

- financial contributions/sponsorships (one time or ongoing)
- in-kind services
- donation of surplus equipment/supplies

Additional Policy Guidance:

- The District will not support organizations that discriminate on the basis of age, sex, race, religion, national origin, sexual orientation, or disability with respect to employment, volunteer participation, or the provision of services.
- Contributions will be made only to the qualifying nonprofit agencies. Contributions will not be made to organizations conducting fundraising (third party giving) on behalf of nonprofit agencies.
- Requests from religious organizations will not be considered.
- Requests from all local, regional, and/or school-based sports teams will not be considered.
- Requests from individual Maine elementary or secondary schools (public or private) will not be considered, unless the request is for a program specifically designed to address water quality or other related issues.
- Requests that solicit financial support for individuals, political candidates, and political campaigns, or entities that are not nonprofit organizations, will not be considered.
- Financial requests for capital campaigns will not be considered.
RECOMMENDATION
The following proposed language is presented for Board of Trustee approval:

ORDERED, Order #17-035 is hereby amended to give the General Manager the authority to procure a Computerized Maintenance Management System (CMMS) from a vendor other than Cayenta, and to implement such CMMS, and to execute any and all documents necessary to complete such purchase and implementation; and

BE IT FURTHER ORDERED, that the budget established by Order #17-035 remains unchanged.

BACKGROUND ANALYSIS
In November of 2017, the Board approved a project budget and a contract with Cayenta to replace the existing Billing and CMMS software (Hansen). As part of the project, the District and Cayenta performed a Fit Gap analysis to determine if the software and its implementation would properly fit the operations of the District. Through the Fit Gap analysis, it was determined that the Billing and Customer relations software and implementation would meet the District’s needs, but the Computerized Maintenance Management System (CMMS) portion was not a good fit. The District has amended the contract with Cayenta and removed the CMMS portion of the work. District staff has started the process of reviewing and preparing to select another CMMS software product to complete the project. Staff is recommending to the Board that through this amendment to the original order, that the General Manager be given the authority to select and enter into contracts and implement CMMS software to complete this project.

FISCAL REVIEW/FUNDING
The project budget remains the same as approved in the original Board Order 17-035.

LEGAL REVIEW
Corporate Counsel has reviewed the proposed order as to form.

CONCLUSION(S)
The Committee voted unanimously to send to the full Board for their consideration.

ATTACHMENT(S)
None
BOARD OF TRUSTEES / AGENDA ITEM SUMMARY

Agenda Item: 6D Resolution 19-001
Date of Meeting: January 28, 2019
Subject: Updates to PWD’s Rules and Regulations for Use of the Wastewater System
Presented By: Rebekah Sirois, Industrial Pretreatment Supervisor

RECOMMENDATION
The following proposed language is presented for Board of Trustee approval:

RESOLVED, that the Board of Trustees hereby approves amendments to the Portland Water District’s Rules and Regulations for the Use of the Wastewater System in substantial form as shown in Section 7.7 (Schedule A) and Section 7.8 (Schedule B) attached hereto and made part of this Resolution.

BACKGROUND ANALYSIS
The Portland Water District administers two industrial pretreatment programs, one for the Portland Wastewater System and one for the Westbrook-Gorham Wastewater System. A requirement of the treatment plant discharge permits is periodic review of local limits for each program. Local limits are technically based, community-specific limits which are established to ensure industrial discharges do not lead to violations of the Clean Water Act. When limits are changed they must be approved by the DEP, and then promulgated in the both the municipal ordinances and/or rules, and in PWD’s sewer user rules. These proposed changes update the limits to match those recently adopted by the Cities of Portland and Westbrook and propose new language to streamline the process and avoid conflicting language between municipal ordinances and PWD’s rules. The added language states that, going forward, the numerical limits in Schedule A and Schedule B will be updated upon Maine Department of Environmental Protection (DEP) approval of new limits. In the future these changes will not require further Trustee approval.

FISCAL REVIEW / FUNDING
No additional costs will be incurred due to these changes.

LEGAL REVIEW
Corporate Counsel reviewed the proposed motion and approved it as to form.
CONCLUSION(S)
Staff recommends approving the proposed changes. The Committee voted 3-0 to forward to the the full Board for their consideration.

ATTACHMENT(S)
Section 7.7 (Schedule A) Proposed Changes
Section 7.8 (Schedule B) Proposed Changes
### Schedule A

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Daily Maximum Discharge Limit (mg/L)</th>
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<tr>
<td>BOD</td>
<td>1370 *</td>
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<tr>
<td>TSS</td>
<td>2846 *</td>
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<tr>
<td>Arsenic</td>
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<tr>
<td>Zinc</td>
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*Industrial users permitted in the Industrial Pretreatment Program and discharging effluent which exceeds a de minimis level of Biochemical Oxygen Demand (BOD) and/or Total Suspending Solids (TSS) are individually allocated a pounds per day limit for these parameters. The de minimis levels are 250 mg/L and/or 375 lbs/day for BOD and 300 mg/L and/or 425 lbs/day for TSS. The Control Authority reserves the right to issue permit limits to users based on their potential to discharge high strength BOD/TSS waste. Industrial Users permitted for BOD and TSS must report a certified discharge flow number with each monitoring event.

**Note:** The City may have adopted other discharge limits and prohibitions in addition to these technically-based limits. Please refer to the City’s ordinances for more information.

The Control Authority may grant a variance to an industrial user discharging into the sewer system when the industrial user provides sufficient historical documentation to support such request. The Control Authority must determine that allowing such a variance will not:

A. Result in an increase of the Maximum Allowable Industrial Headworks Loading;
B. Result in a non permitted discharge from the POTW;
C. Adversely affect the treatment of wastewater;
D. Adversely impact the sanitary sewer system; or
E. Be in violation of any applicable local, state or federal law or regulation.

Should such variances be authorized, any industrial user receiving the variance will impact the total available loadings to other industrial facilities within the treatment system.

The Control Authority will be required to assess the effectiveness of any variances. Modifications to local, state or federal requirements or wastewater characteristic changes within the wastewater system would also require the reevaluation of any variances.

PWD Staff will update these numerical limits as needed following Department of Environmental Protection (DEP) approval of new limits.
### Schedule B

<table>
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<th>Parameter</th>
<th>Discharge Limits (mg/L)</th>
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<tr>
<td><strong>BOD</strong></td>
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<tr>
<td><strong>TSS</strong></td>
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<tr>
<td>Arsenic – <strong>three</strong> two tiered limit**</td>
<td>0.22 0.220 (seafood processors)</td>
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<tr>
<td><strong>Ecomaine</strong></td>
<td></td>
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<td></td>
<td></td>
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<tr>
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**Screening Limit**: BOD and TSS screening limits are valid through the renewal of Portland Water District’s Maine Pollution Elimination System permit in 2016. Licensees shall take all reasonable measures to comply with the screening limits. The City will exercise its enforcement discretion on a case-by-case basis with regard to screening limit violations. Violations of the screening limits that occur as the results of normal, routine operations will not result in any fines, public notices or formal compliance schedules. However, other resultant violations of the screening limits, including but not limited to operator error, mechanical or electrical failures, inappropriate procedures, failure to notify or mitigate, spills or slug releases, and natural events may result in formal enforcement action. Additionally, discharge violations in excess of 10,000 mg/L of BOD, 5,000 mg/L of TSS will result in formal enforcement action. Nothing herein shall prevent the City from enforcing all other Industrial Pretreatment regulations.

*Industrial users permitted in the Industrial Pretreatment Program and discharging effluent which exceeds a de minimis level of Biochemical Oxygen Demand (BOD) and/or Total Suspending Solids (TSS) are individually allocated a pounds per day limit for these parameters. The de minimis levels are 250 mg/L and/or 2275 lbs/day for BOD and 300 mg/L and/or 1925 lbs/day for TSS. The Control Authority reserves the right to issue permit limits to users based on their potential to discharge high strength BOD/TSS waste. Industrial Users permitted for BOD and TSS must report a certified discharge flow number with each monitoring event.

**Three** Two tiered Arsenic limit as follows: Seafood Processors = 0.288 0.220 mg/L, Landfills plus Ecomaine Incinerator = 0.55 mg/L, All Others = 0.020 0.092 mg/L.

***Metal Finisher required to meet allocated Categorical Maximum 30 day Average Nickel discharge limit of 2.38 mg/L.
Note: The City may have adopted other discharge limits and prohibitions in addition to these technically-based limits. Please refer to the City’s rules for more information.

PWD Staff will update these numerical limits as needed following Department of Environmental Protection (DEP) approval of new limits.
RECOMMENDATION
The following proposed language is presented for Board of Trustee approval:

ORDERED, the General Manager is authorized to execute a deed to Silver Street Development Corp. an affiliate of Island View Apartments LP releasing all the PWD’s rights in the property and underground reservoir located on Walnut Street in Portland for the price of $1.00; and

BE IT FURTHER ORDERED, that the General Manager and the Treasurer, each acting singly, are authorized to take such other steps as may be necessary to accomplish the intent of this vote.

BACKGROUND ANALYSIS
In 1913, PWD purchased land from Munjoy Land Company on Walnut and North Street and constructed an above ground open water reservoir. That reservoir was replaced in the early 1970’s with a 2 million gallon underground concrete reservoir. Also in 1972, the District sold a majority of the property to Union Mutual Life Insurance Company. In that deed, UNUM also acquired easement rights to utilize the surface of the PWD retained property over and around the reservoir. Promenade East Condominiums and Island View Apartment complexes are now located on the property. For years, there were tennis courts located on the surface of the reservoir. The tennis courts were later replaced with grass, a play scape and a gazebo.

Around 2003, the underground reservoir was determined to be no longer needed and was physically disconnected from the water system. In 2007, the Board declared the property as surplus. It was offered to the City of Portland consistent with the Surplus Land Disposal Policy. The City indicated that they were not interested in it (see attached letter).

A few months ago, the Island View Apartment owners approached staff asking if we would be interested in selling the property. If we were to hold the property, eventually we would need to
either remove the reservoir or fill it with a solid material to prevent it from collapsing. Staff has estimated that it would cost approximately $400,000 to fill the tank with material.

Staff also looked at the assessment value for the property. The City has it assessed at $414,500. It is also tax exempt so staff doubts that the City gave much effort to the valuation of the land. The valuation also does not take into account that Island View Apartment Complex owners have perpetual easement rights to use the surface of the property, making it useless to anyone unless they had a use for the reservoir.

Where, the City is not interested in it, and we eventually will need to invest substantial money to fill or remove it, staff is recommending that we sell it to Island View Apartments for $1.00. The deed will specify that it is being sold “As is, Where is” and will absolve the District of all further responsibility or liability for the reservoir or the property.

**FISCAL REVIEW / FUNDING**
The proposed sale price is proposed to be $1.00.

**LEGAL REVIEW**
Corporate Counsel will review the proposed deed prior to execution.

**CONCLUSION(S)**
Staff recommends that PWD proceed with the proposal described above. The Committee voted unanimously to forward to the full Board for their consideration.

**ATTACHMENTS**
Letter
Plan
Mr. Norman Twaddell  
Portland Water District  
225 Douglass Street  
Portland, Maine 04101 3553

September 11, 2007

RE: Walnut Street Property

Dear Norman:

Thank you for notifying the City of Portland of property available through the Portland Water District located on Walnut Street abutting the Promenade East and Island View properties.

Staff has reviewed the City’s options regarding this property and feel that its current use suit the neighborhood. Therefore, the City will not pursue a purchase of this property at this time.

Please feel free to notify us of any future parcels that may become available in the future.

Sincerely,

Daniel J. Feeney  
Economic Development Division Director

cc. Joe Gray, City Manager  
Lee Urban, Director of Planning and Development
The Board of Trustees must annually appoint a representative to serve on the Southern Maine Regional Water Council. Presently, Chris Crovo is the District’s representative.

Pursuant to the Council’s bylaws, the District’s appointment would be confirmed by the membership at the next annual meeting, which will occur in April 2019. The period of appointment as PWD’s representative will be for the period January 1, 2019 through December 31, 2019.

The following motion is proposed:

**BE IT RESOLVED** that Christopher Crovo is appointed as Portland Water District’s representative to the Board of Directors of the Southern Maine Regional Water Council.
RESOLUTION 19-003
PORTLAND WATER DISTRICT
BOARD OF TRUSTEES

WHEREAS the 129th Maine Legislature will consider numerous bills this session, many of which are of interest to the Portland Water District, and

WHEREAS public hearings on many bills are held before the Board of Trustees has an opportunity to take a formal position on said bills, and

WHEREAS the General Manager is responsible to the Board of Trustees for legislative affairs,

NOW THEREFORE BE IT RESOLVED that the Board of Trustees authorizes the General Manager to take positions and testify on bills during the legislative session consistent with her understanding of the Board’s view on the issues, and

FURTHER BE IT RESOLVED that the General Manager shall report to the Board of Trustees at their next meeting, the positions she may have taken and the testimony she may have given.

Adopted this 28th day of January, 2019

______________________                                         _______________________
Attest:                                                       William Lunt, III
Donna Katsiaficas                                          President
Clerk                                                      Board of Trustees