

As voted by the Board of Trustees and in accordance with the notice of the meeting, the Regular Meeting of the Board of Trustees of the Portland Water District was held at the Jeff P. Nixon Training Center, 225 Douglass Street, Portland, Maine, on Monday, January 27, 2020. Attending from staff were Messrs. Kane, Crovo, Wallace and Mses. Lewis, Katsiaficas and Walker.

The meeting was convened by President Cote at 6:00 p.m. with the Pledge of Allegiance and a moment of silence.

ROLL CALL

The roll was called by the Clerk. All Trustees were present except Trustees Garrison and Willey.

ACCEPTANCE OF MINUTES

It was moved by Trustee Siviski, seconded by Trustee Beck.

Voted all in favor to accept the minutes of the Regular Meeting of December 16, 2019, the Special Workshop Meeting of December 16, 2019 and the minutes of the Workshop Meeting of January 13, 2020.

INVITATION FOR PUBLIC COMMENT

None

REPORTS

Operations Committee

Trustee Siviski provided a summary of the Operations Committee meeting on January 13, 2020. Staff provided an update on the UV disinfection project, including the process beginning with preliminary design and budgeting through the pending final start-up of the newly installed system. Staff also reviewed the prior board actions associated with the various milestones met throughout the project. The 2020 work schedule was reviewed and the Committee requested an update on PFAS in the coming months, and noted that project reviews from beginning to end, such as this month's Cape Elizabeth UV project, are very helpful for the Committee.

Planning Committee

Trustee Lunt provided a summary of the Planning Committee meeting on January 13, 2020. Staff reviewed the history of Clean Water Act-funded erosion control projects in the Sebago Lake watershed. More than \$2M of erosion control work has been done since 1999, much of the funding through DEP grants typically referred to as "319" grants. A 2012 Board policy limits PWD's project match to 10% of the total project cost. Staff is requesting that these limits be raised for three reasons:

1. Several times staff have come to the Board for exceptions to this limit when the projects are in the direct watershed of the lake;
2. DEP no longer provides funding for the preliminary steps in the process and, likely as a result, we are not seeing as many of these projects proposed by lake associations and others; and
3. Much of the District's match is in the form of "in-kind" – meaning work we already do as a matter of course counts as match under DEP rules.

The Committee asked the staff to clarify a few items in the memo and bring it back in a month.

Administration and Finance Committee

Trustee Levinsky (Trustee Garrison was absent from the meeting) provided a summary of the Administration and Finance Committee meeting on January 13, 2020. Peter Cutrone and Gordon Johnson provided an update on the Cayenta and Lucity projects. The projected live date for both projects is now one week earlier in October to assure the availability of both vendors' personnel. Both projects continue to configure and test the software with no significant issues. One upcoming focus is to work on the integration of the two systems. David Kane presented a motion authorizing the execution of renewal energy program contracts. It was noted the program was reviewed by the full Board at two meetings in December and will be discussed at their Workshop meeting. Mr. Kane noted the Water Fund is anticipated to have a surplus balance for the year ending December 31, 2019. The Committee reviewed several alternative uses of the surplus balance and recommended the surplus should be used to reduce the May 1, 2020 rate adjustment by half of a percent, create a \$300,000 rate stabilization fund and allocate the balance to cover the costs of the upcoming master plan and related studies. The Committee recommended the proposed 3.5% water rate adjustment be reduced by a half of percent, which would reduce 2020 water revenues by approximately \$100,000. Mary Demers reviewed with the Committee the progress of filling open positions at the District.

General Manager's Report

The General Manager reported that the new billing system was being tested against the old system, and that the result of the testing was positive – the new system was performing accurately. Ms. Lewis provided the Board with a legislative update and noted that PWD staff will be attending a meeting at Portland City Hall related to the City's energy benchmarking ordinance. The ordinance requires energy reporting beginning in May and affects the East End Facility and Douglass Street. Ms. Lewis also provided a report to the Board on the charitable contributions – both financial and volunteer efforts – undertaken by employees in 2019. The total financial contribution from employees to charities was reported as \$18,346. Employees also provided volunteer labor to Portland Trails in working on a trail bordering the Presumpscot River. A PWD video on the District's IPT program was also shown to the Board. The video is available on PWD's website for viewing by the public.

NEW BUSINESS

Resolution 20-001, approving the revised criteria for the Joseph A. DiPietro Memorial Scholarship.

The DiPietro Scholarship was created in 2003. Some years after its creation, with transitions at SMCC and the trustees' interest in taking more of an active role in recipient selection, a scholarship committee was formed, criteria was developed and broadened, and the scholarship was administered internally. The scholarship committee felt a review and revision of the DiPietro Scholarship criteria was needed to align the focus more closely to the original intent of the scholarship, which was to award a scholarship to a local student enrolled in a vocational trades program at Southern Maine Community College (SMCC). Changes in the criteria and outreach aim to increase the awareness of the scholarship among and applications from trade students.

It was moved by President Cote and seconded by Trustee Lunt.

It was Voted and unanimously,

WHEREAS, the Joseph DiPietro Memorial Scholarship was established in 2003 to provide scholarship assistance to students pursuing higher education in careers related to the water and wastewater industry; and

WHEREAS, the scholarship has been awarded on a yearly basis to deserving students who met the criteria established by the Board of Trustees; and

WHEREAS, the criteria for the Scholarship and associated materials have been updated to better attract students at community colleges and trade schools who are pursuing careers in the water and wastewater industries; and

WHEREAS, proposed changes include expansion of eligibility to students that live in a community that is served by PWD (Portland, South Portland, Westbrook, Windham, Gorham, Raymond, Cumberland, Falmouth, Scarborough, Cape Elizabeth, or Standish);

RESOLVED, that the Board of Trustees supports the criteria for award of the Joseph DiPietro Memorial Scholarship attached hereto as Exhibit A.

Order 20-001, authorizing the General Manager to execute Bill Credit Agreement contracts with renewable energy providers.

A new state law approved in 2019 provides incentives to promote the construction of renewable energy production. The incentives consist of receiving billing credits on the electricity bill generated by the electricity utility – Central Maine Power in the District’s case. The District has contracted with Competitive Energy Services (CES) to assist the District in reviewing the District’s options in participating in the program.

CES recommends the District enter into a 20-year contract with up to 20 renewable energy projects for approximately 10,000,000 kWhs but not to exceed 11,000,000 kWhs. The District’s purchase would be 5% of the total estimated amount (200,000,000 kWhs) of electricity generated by the renewable energy providers. The contract would pay the renewable energy providers no more than 9 cents per kWh on average and is expected to generate in excess of \$200,000 of retained savings each year on the District’s electricity bills. Additionally, the contract stipulates the Renewable Energy Certificate (REC) would be granted to the District. The market value of the REC is estimated to generate an additional \$250,000 a year for the District. A separate contract with CES (for ongoing program review including auditing and management of the financial and contractual aspects of each agreement entered into by PWD and advice on Renewable Energy Certificates) provides CES with 5% of the net amount the District receives (approximately \$22,500 a year).

Trustees Beck, Douglas, Levinsky and Rich thanked David Kane and staff for the excellent work they did in preparing the materials for this vote.

Trustees Lunt and Libby expressed their concerns with the length of these contracts and doubted that the proposed solar developments would remain desirable over the 20 year contract due to changes in technology, or that the legislature would not change the program during the duration of the 20 year contract.

It was moved by Trustee Levinsky and seconded by Trustee Beck.

It was Voted 7-2 (Lunt and Libby opposed) and,

ORDERED, Bill Credit Agreement contracts with renewable energy providers are hereby authorized for a capacity not to exceed 11,000,000 kilowatt hours (kwhs) with an average price not to exceed 9 cents per kilowatt hour; and that the General Manager and the Treasurer, each acting singly, are authorized to take such steps as may be necessary to accomplish the intent of the vote.

Order 20-002, authorizing allocation of the 2019 Water Fund Surplus Balance.

Finance results through November show the Water Fund with an annual surplus of \$1.2 million. Though the surplus will likely decline as we finalize the results for the year, it is anticipated the fund should have a significant annual surplus balance. The good financial results are due to lower expenses than anticipated

It was moved by Trustee Levinsky and seconded by Trustee Lunt.

It was Voted and unanimously,

ORDERED, the 2019 annual operating fund change in the Water Fund is hereby allocated to the following items:

- Addition to the operating surplus fund to bring the balance up to the Board's target balance of 25% of total budget;
- Reduction of planned May 1, 2020 rate adjustment by approximately a half percent resulting in a decrease in 2020 revenues of approximately \$100,000;
- Creation of a Rate Stabilization Fund with a \$300,000 balance; and
- Creation of a fund with the remaining balance dedicated to pay for costs related to master plan development and asset assessments.

Order 20-003, authorizing the Treasurer to begin the process of increasing water rates an average of 2.9% effective May 1, 2020.

The Board of Trustees approved the 2020 budget assuming an average water rate increase of 3.5% with a target effective date of May 1, 2020. Additional information was provided to Administration and Finance Committee at their January 13, 2020 meeting and the Committee decided to reduce the rate adjustment by approximately half of a percent. The reduction reduces the 2020 Revenue by approximately \$100,000. Staff will prepare the supporting documentation and arrange to hold a public hearing in March and send customer notices about the public hearing to all customers.

The 2020 net expenditure operating budget is \$25.7 million as approved by the Board. Due to the expected significant increase in debt service related primarily to water main renewal projects and 407 pressure zone improvements, the operating budget is expected to grow to \$31.5 million by 2024. Consistent with the Board policy of gradual annual rate adjustments, the Committee proposes an increase of 2.9% in 2020.

It was moved by Trustee Levinsky and seconded by Trustee Lunt.

It was Voted and unanimously,

ORDERED, pursuant to Board of Trustees Policy, the Treasurer shall prepare the supporting documents for a water rate increase of approximately 2.9% with new rates to be effective May 1, 2020; 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.

Resolution 20-002, appointing a representative to the Southern Maine Regional Water Council Board of Directors.

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.

The period of appointment as PWD's representative will be for the period January 1, 2020 through December 31, 2020.

It was moved by President Cote and seconded by Trustee Lunt.

It was Voted and unanimously,

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.

OTHER BUSINESS

None

SECOND INVITATION FOR PUBLIC COMMENT

None

EXECUTIVE SESSION

None

TRUSTEE COMMENTS

Trustee Levinsky reminded everyone that the 2020 Maine Democratic primary will take place on Tuesday, March 3.

Trustee Cote noted in the table packets the schedule for the Maine Water Utilities Association's Annual Meeting on February 5 and 6. He also asked all Trustees to please review the packet provided for the General Manager's annual review. Ms. Lewis' review will be discussed in Executive Session at the February Workshop Meeting.

ADJOURNMENT

Meeting adjourned at 6:58 p.m.

Submitted by

Donna M. Katsiaficas
Clerk