

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, February 26, 2018. Attending from staff were Messrs. Kane, Crovo, Wallace, Firmin, Johnson and Mses. Lewis, Demers, Katsiaticas, and Walker.

Election of President Pro Tem

It was moved by Trustee Garrison for Trustee Levinsky to be President Pro Tem for the meeting, seconded by Trustee Libby, voted all in favor.

The meeting was convened by Trustee Levinsky at 6:02 p.m. with the Pledge of Allegiance and a moment of silence.

ROLL CALL

The roll was called by the Clerk. Trustees Lunt, Cote, Douglas and Willey were absent.

ACCEPTANCE OF MINUTES

It was moved by Trustee Libby, seconded by Trustee Garrison.

Voted all in favor to waive the reading and accept the minutes of the Regular Meeting of January 22, 2018, and the Workshop Meeting of February 12, 2018.

INVITATION FOR PUBLIC COMMENT

None

REPORTS

Operations Committee

Trustee Beck (Trustee Douglas was absent) provided a summary of the Operations Committee meeting on February 12, 2018. The Committee discussed the Dana Court Pump Station and the Douglass Street HVAC/CHP Master Plan, which will be taken up under new business. The condition assessment presentation from the January workshop was given by staff for committee members who were unable to attend the January meeting. Staff also shared the 2018 work plan, with the understanding that the schedule may change due to committee member requests, timely topics, and project schedule changes.

Planning Committee

Trustee Libby provided a summary of the Planning Committee meeting on February 12, 2018. Rod Beaulieu, Chief of Security, provided an overview of the way our Environmental Services department is managing District land at the southern end of the lake and boaters in the Lower Bay of the lake. These are two key functions of the security staff.

Late in the boating season of 2017 district staff successfully deployed the real-time water quality monitoring buoy which was purchased with District funds and a grant obtained by St Joseph's College. They were able to establish communications and work out some bugs before cold

weather required it be retrieved and stored for the winter. This spring it will be deployed again in the Lower Bay and data will be made available via the Portland Water District website.

The Sebago Clean Waters group submitted the grant request the Board voted to support last month to the U.S. Endowment for Forestry and Communities. The final grant was for three years – not the original two – and the partners felt that the District’s financial support combined with the cash and in-kind support of the other partners was more than enough to justify a three-year request. The final grant request is for \$399,000.

Administration and Finance Committee

Trustee Garrison provided a summary of the Administration and Finance Committee meeting on February 12, 2018. The Committee discussed several items that will be taken up under new business; 2018 Sewer Bond Authorization, 2018 Water Bond Authorization, Water Fund 2017 Surplus Balance Allocation and Wastewater Funds 2017 Surplus Balance Allocation.

Other business discussed was the bond rating update. Mr. Kane reported he met with the District’s Bond Counsel and Financial Advisor to discuss ways to strengthen the District’s bond rating. He noted that certain changes to the District’s charter and bond indenture is recommended.

The Committee also discussed what should be the appropriate Budget Financial guideline for future years. Discussions will continue at a future Board meeting.

Trustee Douglas arrived to the meeting at 6:10 p.m.

General Manager’s Report

Ms. Lewis reported the following:

- 467 customer satisfaction surveys have been received and the Board will receive a report on the results in March.
- Fewer accounts (369) were turned over for collection to the City of Portland as part of the annual turn over of delinquent accounts.
- The direct influence of weather on the work of the Water Operations group.
- The District received the 2017 Excellence in Environmental Education Program Award. Sarah Plummer, Carina Brown and Paul Hunt accepted this prestigious award on behalf of PWD from the Maine Environmental Education Association.
- David Kane, Director of Administration and Finance, was honored with the New England Water Works Association’s State (Maine) Leadership Award. The award recognizes outstanding leadership and contributions in the water works industry.

NEW BUSINESS

Public Hearing, regarding the issuance of water and wastewater bonds for Cape Elizabeth, Portland and Westbrook.

Trustee Levinsky opened the public hearing, no members of the public wished to speak. Trustee Levinsky closed the public hearing.

Resolution 18-002, authorizing issuance of bonds to finance upgrades at the Cape Elizabeth Treatment Plant, East End Treatment Plant, Dana Court Pump Station and the installation of a new asset management, billing and customer relation computer system.

The 2018 operating budget assumed the issuance of the Cape Elizabeth \$275,000 and Westbrook Dana Court \$2.2M bonds would be issued in 2018 and is incorporated into the multi-year plan provided to the municipality.

The Portland HVAC project totaling \$425,000 was originally planned to be bonded in 2019 not 2018. However, the other East End Treatment Plant projects totaling \$960,000 that were scheduled to be bonded this year is now scheduled for 2019.

At the November 27, 2017 meeting, the Board authorized spending up to \$4.6 million for a new asset management, billing and customer relation (ABC) computer system. The 2018 operating budget assumed the project would be financed with a \$1.2 million dollar withdrawal from the water fund renewal/replacement fund and a \$1 million dollar bond. The remaining project cost of \$2.4 million dollars would be bond financed in 2019. The multi-year plan provided to the sewer municipalities includes the estimated debt service.

Trustee Garrison noted that he usually does not support bond financing for software but given that the cost and duration of the borrowing matches the expected lifespan of the system he is in favor of the bond.

It was moved by Trustee Garrison and seconded by Trustee Libby.

It was Voted and unanimously,

RESOLVED, the issuance of up to \$275,000 in Sewer Bonds to finance heating, ventilation and air condition systems upgrade at the Cape Elizabeth Treatment Plant in Cape Elizabeth is hereby authorized. The full form of the Resolution attached hereto is hereby approved and shall be attached to and incorporated as part of the minutes of this meeting, and

RESOLVED, the issuance of up to \$425,000 in Sewer Bonds to finance heating, ventilation and air condition systems upgrade at the East End Treatment Plant in Portland is hereby authorized. The full form of the Resolution attached hereto is hereby approved and shall be attached to and incorporated as part of the minutes of this meeting, and

RESOLVED, the issuance of up to \$2,200,000 in Sewer Bonds to finance Dana Court pump station upgrade in Westbrook is hereby authorized. The full form of the Resolution attached hereto is hereby approved and shall be attached to and incorporated as part of the minutes of this meeting, and

RESOLVED, the issuance of up to \$4,600,000 in Sewer and Water Bonds to finance installation of a new asset management, billing and customer relation computer system is hereby authorized. The full form of the Resolution attached

hereto is hereby approved and shall be attached to and incorporated as part of the minutes of this meeting.

Resolution 18-003, authorizing issuance of up to \$6,000,000 in bonds to finance the installation and renewal of water mains and related infrastructure.

The approved 2018 Capital Improvement Plan includes \$8,725,000 of water distribution system upgrade projects being financed through the issuance of a \$6,000,000 bond and a \$2,725,000 withdrawal from the water renewal/replacement fund.

Staff proposed issuing a bond either through the Maine Municipal Bond Bank or as a publicly issued bond. The bonds may be issued through the Bond Bank's regular or state revolving loan fund. Mains have a 77-year useful life (PUC rules define useful life), and we expect no additional annual operating costs as a result of these projects being financed. The projects are consistent with the 2003 Water Master Plan. At least \$2,000,000 of the projects will be projects listed on the System Infrastructure Assessment report filed with the PUC and, therefore, the projects debt service costs are eligible to be funded from the capital reserve fund. That \$2,000,000 will be financed over 10 years with the remaining \$4,000,000 financed over 20 years.

Trustee Garrison commented that Trustee Willey has some concerns on the impact the increased water main projects over the years will have on our rates. This concern will be discussed at a meeting in the future.

It was moved by Trustee Garrison and seconded by Trustee Libby.

It was Voted and unanimously,

RESOLVED, the issuance of up to \$6,000,000 in bonds to finance the installation and renewal of water mains and related infrastructure is hereby authorized. The full form of the Resolution attached hereto is hereby approved and shall be attached to and incorporated as part of the minutes of this meeting.

Order 18-008, authorizing an allocation of the 2017 Water Fund Surplus Balance.

The water fund financial results indicate an estimated surplus of \$818,318, which is \$590,611 better than budget. Per state law, the District may allocate any surplus balance generated from operations up to 5% of total revenue annually to the Water Supply Protection Fund. Based on preliminary 2017 results, up to \$1,117,000 may be allocated to the fund.

State law restricts the cumulative unspent balance of the Water Supply Protection Fund to 15% of revenues or just over \$3,547,611. The dedication of funds to the Watershed Supply Protection Fund reserves amounts for future purchases of real estate to protect the water supply. These amounts may be withdrawn and returned to the Contingency Fund if the transfer is in the best interest of the District's customers. Since the Watershed Protection Fund has a sufficient balance and to help offset planned capital expenditures, it is recommended the remaining balance be allocated to the Capital Renewal and Replacement Fund.

It was moved by Trustee Garrison and seconded by Trustee Libby.

It was Voted and unanimously,

ORDERED, that the 2017 Water Fund's Surplus Balance is hereby allocated in the following manner: \$367,387 to the Operating Contingency Fund with the remaining balance allocated to the Capital Renewal and Replacement Fund.

Order 18-009, authorizing the transfer of operating 2017 annual net income balances to the respective capital renewal and replacement funds for each of the wastewater funds.

Due to 2017 expenses being less than the budget, all of the wastewater funds had annual operating net income. The 2017 annual net income (unaudited) for each fund is as follows:

Cape Elizabeth:	\$ 32,896
Cumberland	\$ 32,270
Gorham	\$ 8,131
Portland	\$ 381,289
Westbrook	\$ 40,323
Windham	\$ 19,935

The annual net income can be added to the operating contingency fund balance, capital renewal and replacement fund balance or returned to the municipalities. At meetings with the municipalities' managers last fall, they requested the District retain any surplus balance.

It was recommended to transfer all of the 2017 net income to the capital renewal and replacement (R&R) funds. The R&R balances in excess of the target may be used to finance larger projects that typically would have been bond financed and reduce future debt service payments.

It was moved by Trustee Garrison and seconded by Trustee Libby.

It was Voted and unanimously,

ORDERED, that the 2017 annual operating fund net income in the Cape Elizabeth, Cumberland, Gorham, Portland, Westbrook and Windham Wastewater Funds is hereby transferred to their respective Capital Renewal and Replacement Funds.

Order 18-010, authorizing the General Manager to execute a service contract amendment with Stantec and a construction contract with Methuen Construction for the Dana Court Pump Station Project.

As part of the Westbrook's Combined Sewer Overflow (CSO) Master Plan Update submitted to the Maine DEP in 2014, PWD has agreed to increase the station's capacity in order to reduce CSO overflow events within the collection system. Additionally, the pump station has been in

service for over 36 years and much of the equipment has provided beyond its expected useful life and is in need of replacement.

As approved by Board resolution in February of 2016, the comprehensive method for procuring engineering services was approved for use on this project, allowing the same firm to be utilized for preliminary and final design as well as construction services. A contract for design services with Stantec was approved by Board resolution in June of 2016.

The design was completed in October of 2017. The construction and application engineering services provided under the professional services amendment is \$199,655. The project received design review approval from the Maine State Revolving Fund and was put out to public bid on December 13, 2017.

Stantec performed a due diligence review and has determined that Methuen Construction has the qualifications and resources to complete the project. Stantec recommends that Methuen Construction be considered the low responsive and responsible bidder and awarded the contract.

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

It was Voted and unanimously,

WHEREAS; the Board authorized the comprehensive method of engineering services for the Dana Court Pump Station Project in February 2016; and

WHEREAS; the Board authorized a service contract with Stantec in June 2016 for the Project,

ORDERED; the General Manager is hereby authorized to execute a service contract amendment with Stantec, in the amount of \$199,655 for bidding, construction and application engineering services for the Dana Court Pump Station Project (CIP 2017 – 29/2528); and

BE IT FURTHER ORDERED, a construction contract with Methuen Construction, Inc. is hereby authorized, in the amount of \$1,890,736 for the Dana Court Pump Station Project (CIP 2017 – 29/2528); and

BE IT FURTHER ORDERED, that a total project budget is hereby authorized, not to exceed \$2,200,000; 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 18-011, authorizing the phased method for the procurement of engineering services for the Douglass Street HVAC/CHP Master Plan.

Pursuant to the District's purchasing policy, staff is seeking approval from the Board of Trustees to procure engineering services (phased method) for evaluation of the Douglass St. HVAC. The phased method for engineering will limit the scope of services of this contract to engineering evaluation and planning level design efforts.

Staff estimates that the cost for this evaluation to be \$75,000. This project will review the performance of existing systems, current code requirements, and provide a recommended schedule and budget to upgrade or replace these critical systems.

Once the Method is approved, staff will issue a request for proposals. It is expected that a recommendation will be offered to the Board at the May meetings.

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

It was Voted and unanimously,

ORDERED, that the Phased Engineering Method is authorized for the procurement of engineering services for the Douglass St. HVAC/CHP Master Plan, pursuant to the District's Purchasing Policy, and 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.

EXECUTIVE SESSION

None

OTHER BUSINESS

Ms. Lewis noted that nomination papers are now available at the City Clerk's office in Portland for the vacant seat on the Board. Papers are due back by April 4th.

On March 12, 2018, before the workshop, there will be a public hearing on the proposed water rate increase.

SECOND INVITATION FOR PUBLIC COMMENT

None

TRUSTEE COMMENTS

None

Adjournment.

It was moved by Trustee Libby to adjourn, seconded by Trustee Garrison voted all in favor. The meeting adjourned at 6:35 p.m.

Submitted by

Donna M. Katsiaficas
Clerk