

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, August 27, 2018. Attending from staff were Messrs. Crovo, Kane, Johnson, Firmin, and Meses. Lewis, Demers and Walker. The meeting was convened by President Lunt 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.

ACCEPTANCE OF MINUTES

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

Trustee Willey noted there was one revision to the August 13, 2018 minutes. His comment regarding the Sebago Lake Boating Club was omitted. He appreciates and thanks the club for being good stewards and looking out for PWD's interests and helping to protect the area near the 2-mile limit.

Voted all in favor to waive the reading and accept the minutes of the Regular Meeting of July 23, 2018, and the amended minutes of the Workshop Meeting of August 13, 2018.

INVITATION FOR PUBLIC COMMENT

None

REPORTS

Operations Committee

Trustee Siviski provided a summary of the Operations Committee meeting on August 13, 2018. The Committee discussed three items, two of them will be taken up under new business tonight; selection of engineering services for the Cape Elizabeth UV disinfection upgrades and an amendment to the CIP for water mains projects. Staff provided a summary of the findings of the preliminary design effort for the East End screening/effluent project. The consultant proposes to install a bypass pipe connection to address a number of issues. The new piping allows for the replacement of the effluent flow meter, provides a means to perform maintenance on the chlorine contact tank, and facilitates access to the mixing chamber. This will allow inspection and maintenance of mixing equipment. In addition, the consultant recommended changes to the influent flow area that will allow flow to continue through the plant, should there be a mechanical equipment failure.

Planning Committee

Trustee Levinsky provided a summary of the Planning Committee meeting on August 13, 2018. The Committee approved a relocation easement with the Town of Scarborough. This will be taken up under new business tonight. Staff reviewed a proposal by CMP to utilize property at the East End Treatment Plant for a new substation to support their energy grid upgrade to the Portland peninsula. Staff noted that CMP is in the preliminary stages of planning for siting a new substation and the East End property next to the Northeast Pump Station is being considered.

Staff reported that this location could provide some benefits and offset some future costs for electrical upgrades to the East End facilities. Staff will report back to the Committee once more details of the proposal are evaluated. Staff also reported that AT&T rescinded their notice of termination on the lease for the Shore Acres tank and has continued paying their monthly lease payments.

Administration and Finance Committee

Trustee Willey provided a summary of the Administration and Finance Committee meeting on August 13, 2018. The Committee discussed three items, two of them will be taken up under new business tonight; upgrade of the financial computer system and an amendment to the defined benefit pension plans' investment policy and asset custodial services. Ms. Mary Demers, Employee Service Director, presented an overview of the new employee assistance program that will be available to employees starting September 1, 2018. The program will be provided by Anthem and will provide more services than the current employee assistance program.

General Manager's Report

Ms. Lewis reported the following:

- On July 26th there was an overflow at the East End Treatment Plant. The incident report has been filed with DEP.
- She thanked Roger Mosely and Brady Lloyd from the Town of Standish as well as Chad Thompson, Source Protection Coordinator, for their joint presentation to the Board at the August workshop regarding the construction, beach management and water quality successes at Rich Memorial Beach.
- Ms. Lewis and Trustee Douglass appeared before the Windham Town Council on July 24th to discuss PWD's role and responsibilities in provision of wastewater services to North Windham.
- PWD developed and shared high-level estimates of the cost of providing 12 MGD of water to the town line in Saco as requested by Maine Water Company.
- Residential water sales for the month of July were the highest of any other month since 2005.

Trustee Levinsky commented that he was pleased to see that Kaler Elementary School has already installed the water fountain they received through our grant program.

Trustee Willey thanked staff for being flexible and willing to be cross-trained in many different areas of the company.

NEW BUSINESS

Order 18-026, authorizing a professional services contract with Superion.

The current computer system was purchased in 1996 and upgraded in 2007 and 2011. Superion has indicated that the District is one of their last clients on the current version and recommends the District upgrade to the current general release, version 5.1. The cost is estimated to be

\$50,000. The new version has several enhancements to make use and navigation of the software easier. The change to version 5.1 seems to be a relatively easy upgrade. Because of the significant efforts underway to implement the new Asset, Billing and Customer Relations system (ABC), the original plan was to upgrade the finance system in 2020 after ABC. Since it will be relatively easy and it would be helpful to the ABC project to do any finance system integration once to the upgraded system, it is now recommended to do the project in 2018.

Trustee Garrison asked if the District has an IT Master Plan and why did the District wait so long to upgrade the system. Mr. Kane explained that the current finance system is stable and that the upgrade was initially delayed due to the ABC Project. It has been determined that it is best to do the upgrade before Hansen is replaced. The District does have a multi-year IS plan and Mr. Kane will share that with the Board through the Administration Committee.

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

It was Voted and unanimously,

ORDERED, a professional services contract with Superior, in the amount up to \$50,000, is hereby authorized for the purpose of upgrading the current finance computer system to the latest version; 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 and,

BE IT FURTHER ORDERED, that the 2018 Capital Improvement Program, Technology Upgrade and Replacement program (Subprogram 50) is hereby increased by \$50,000.

Order 18-027, adopting the Bargaining and Non-Bargaining Plans – Statement of Investment Objectives and Guidelines.

The District has two defined benefit pension plans – a non-bargaining unit and a bargaining unit plan. Annual Contributions are made to each fund. Those funds are invested consistent with a Board approved investment policy. The District's investment advisor, Cliff White, from Morgan Stanley Smith Barney recommends the policy be amended to reflect the lower expected investment target (6.5%, down from 7%), increase in foreign-based issuers limit to 20% from 10% and have the option to invest in certain additional equity products (see attachment A). The policy recommends no change to the portfolio's asset allocation restrictions.

The assets are currently held by Key Bank. Transferring the custodial services to Morgan Stanley Smith Barney provides access to Morgan Stanley Institutional Platform resulting in access to additional investment managers and lower overall costs. Key Bank would continue to provide retiree services such as the disbursement of monthly checks. Overall, the change would reduce the costs approximately \$66,900 per year.

Trustee Libby asked for clarification on why the actuarial is being lowered from 7% to 6.5%. Ms. Lewis explained it reflects a more conservative approach to assume a lower rate of return.

Trustee Siviski asked what hedge equity products are as they are noted as alternative investments. Hedge products are investments where the asset is expected to decline in value. You would gain if the market goes down. This gives the District the option to look at those types of investments.

Trustee Libby asked how this is a benefit to the pension plan. Mr. Kane explained our advisor thinks this a prudent option to have with the expected turmoil in the market in the next year or two.

Trustee Willey commented that lowering the expected return equals less risk. The changes seem prudent to him.

Trustee Cote asked if the basis points were negotiated. Mr. Kane replied that they were.

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

It was Voted and unanimously,

ORDERED, the Board hereby adopts the Portland Water District Bargaining and Non-Bargaining Plans – Statement of Investment Objectives and Guidelines dated August 27, 2018 and,

BE IT FURTHER ORDERED, a professional services contract with Morgan Stanley Smith Barney is hereby authorized for investment custodial and investment advisory services 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. The full form of the Resolution is attached hereto and incorporated herein by reference, and shall be part of the minutes of this meeting.

Order 18-028, authorizing a professional services contract with Hoyle Tanner Associates.

This effort will develop detailed design plans and specifications based on the recommendations of the Cape Elizabeth UV Disinfection Feasibility Assessment completed in 2017. The Feasibility Assessment evaluated alternatives and identified potential UV disinfection system arrangements that would meet effluent disinfection requirements.

The proposed scope for this effort includes installation of the UV disinfection equipment and associated concrete channels, site work, electrical and controls upgrades needed to incorporate the new process into the existing treatment plant. The UV equipment is being purchased directly by PWD based on the recommendations of the Feasibility Assessment that was previously performed.

Staff reviewed and scored three proposals from qualified teams that provided proposed methods for achieving the project goals. Based on the outcome of the review and ranking, Hoyle Tanner Associates received the best overall score (143). Staff therefore recommends award to Hoyle

Tanner Associates for an amount of \$133,660, which includes design phase services from detailed design through project bidding.

Trustee Garrison asked how the District pre-selects firms to bid. Mr. Johnson explained in general, the District looks for those firms that are qualified and have expressed an interest in working with the District.

Trustee Libby commented the District went with the more expensive bidder, by \$16,000 and was curious as to why that was. Mr. Johnson explained when it comes down to it, fairly small changes in effort and direction can use up that amount of money pretty quickly so what is trying to be done is overall project value and cost to the District.

It was moved by Trustee Siviski and seconded by Trustee Cote.

It was Voted 10-1 (Grant opposed) and,

ORDERED, a professional services contract with Hoyle Tanner Associates, in the amount of \$133,660, is hereby authorized for design phase engineering services for the Cape Elizabeth WWTF UV Disinfection project (CIP 2018-418/2701); 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 18-029, approving an increase to the 2018 CIP, Water Distribution Upgrades Program.

During the April and June Workshops of the Board staff updated the Trustees on water main replacement projects that were planned for this year along with projects that were rolled over or deferred from previous years commitments. Trustees instructed staff that once all the projects were decided for this year's construction that staff would bring back to the Board of Trustees a final list of projects and costs to complete the work. Attached is a spreadsheet of the projects that are on going along with 4 projects that were added since that last discussion staff had with the board in June. At the beginning of the construction season these projects did not have a definitive construction start schedule so were not earmarked for funding at that time.

Trustee Garrison asked what road the Dunston Corner project is on and is a 16" pipe large enough. Mr. Crovo explained that it is new development called the Great American Neighborhood and that the District is paying the difference between a 12" and a 16" pipe. The District felt a 16" was in the best interest for long term and possible feeding into Saco.

It was moved by Trustee Siviski and seconded by Trustee Cote.

It was Vote and unanimously,

BE IT ORDERED, that the 2018 Capital Improvement Program, Water Distribution Upgrades program (Subprogram 43) is hereby increased by

\$555,000 in order to complete the remaining water main projects scheduled for 2018, and

BE IT FURTHER ORDERED, that the total budget for Water Main Replacement Projects, including prior year deferred projects, for a total budget of \$10,900,000 is hereby ratified.

Order 18-030, authorizing a release deed to the Town of Scarborough.

In 2014, the Town of Scarborough granted the District an easement through Town property between Gorham Road and Sawyer Road for a future water main. This easement was in exchange for the former tank site property that was abandoned and deeded back to the Town. At the time of the easement, PWD simply chose a reasonable route.

The Town is now building a new public safety building on Route 1 and is including a new roadway in the rear of the building out to Sawyer Road. The roadway location varies slightly from the current easement location as shown on the attached maps. The Town has requested that PWD relocate its easement to the location of the new roadway. The new water main will be constructed in the new easement location in conjunction with the public safety building project and will serve the new public safety building and also be a portion of a reciprocal loop between Gorham Road and Sawyer Road feeding the Route 1 area.

The Town will grant PWD a new easement deed and the District will need to sign a release deed giving back that portion of the old easement being relocated.

Trustee Libby commented the idea behind putting a new water main in the proposed amended easement is so that the District will not have to block off Route 1 to make repairs. That is a very busy section of Route 1 and this will prevent inconveniences to those in that area.

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

It was Voted and unanimously,

ORDERED, the General Manager is authorized to execute a release deed to the Town of Scarborough releasing PWD's rights in a water easement between Sawyer Road and Town Hall in Scarborough in exchange for a new easement deed for the location, operation and maintenance of a future PWD water main; 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.

EXECUTIVE SESSION

None

OTHER BUSINESS

None

SECOND INVITATION FOR PUBLIC COMMENT

None

TRUSTEE COMMENTS

Trustee Willey commented that a second video in the series of *Protecting a Trillion Gallons of Water* has been completed. He asked if will be shown to the Board. Ms. Lewis said it will.

Adjournment.

Meeting adjourned at 6:48 p.m.

Submitted by

Carrie E. Walker,
Clerk Pro Tem